RETURN OF INCOME, ASSESSMENT PROCEDURES OTHER THAN SEARCH UNDER NEW INCOME TAX ACT, 2025

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INCOME TAX ACT, 2025
LEGISLATIVE TIMELINE



FEBRUARY 13, 2025
Original Income-tax Bill introduced in Lok Sabha

JULY 21, 2025
Parliamentary Select Committee submitted report with 285+ recommendations

AUGUST 8, 2025
Original Bill withdrawn for revisions

AUGUST 11, 2025
Revised Income-tax (No. 2) Bill passed in Lok Sabha

AUGUST 12, 2025
Bill passed in Rajya Sabha

AUGUST 21, 2025
Presidential assent granted

AUGUST 21, 2025
Act notified in Gazette of India

APRIL 1, 2026
Act to become effective

Source: Select Committee Report (Parliament of India), Income Tax Act, 2025

Current Income-tax Act

The **erstwhile Income-tax Act was enacted in 1961** and came into existence **with effect from 01.04.1962.**

The Income-tax Act, 1961 was introduced to replace the earlier 1922 legislation, based on recommendations from the Law Commission (1958) and the Direct Tax Administration Enquiry Committee.

It has been **amended nearly 65 times with more than 4000 amendments, over six decades** through annual Finance Acts **and 19 separate Taxation Laws Amendment Bills.**

While these changes were intended to keep the law relevant, they significantly increased its length and complexity.

Concerns raised regarding the Income-tax Act 1961?

Tax administrators, practitioners and taxpayers have acknowledged the contribution of the Income-tax Act, 1961 in overall tax governance and economy.

- However, **over the time concerns have also been expressed over the**
- **accumulation of amendments**,
- **the intricate language,**
- **detailed provisions,**
- **redundancies** and
- **the heavy structure of the Income-tax Act.**

Comparison of Income Tax Act 1961 and New Income Tax Act 2025

Parameter	Income Tax Act 1961	Income Tax Act 2025
Words	-5.12 lakhs	-2.60 lakhs
Sections	819	536
Chapters	47	23
Tables	18	57
Provisos	-1,200	-
Explanations	-900	-
Schedules	14	16
Rules	511	333
Forms	399	190
Tables	18	57
Formula	6	46

Some of the Chapters where substantial reduction of words have been achieved are as given below:

Income Tax Act, 1961		Income Tax Act, 2025		Reduction of words
Topic	**Words**	**Topic**	**Words**	
Exemption related provision	30000	Exemption related provision	13500	16500
TDS/TCS	27453	TDS/TCS	14606	12847

Some of the Chapters where substantial reduction of words have been achieved are as given below:

Income Tax Act, 1961		Income Tax Act, 2025		Reduction of words
Topic	**Words**	**Topic**	**Words**	
Non-profit Organization	12800	Non-profit Organization	7600	5200

Non-Profit Organisations (NPOs)

- Scattered across 5 chapters and 15 sections:
  - Chapter I : Charitable Purpose sec 2(15)
  - Chapter III : Sections 10(23C), 11, 12, 12A, 12AA, 12AB, 12AC & section 13
  - Chapter VIA : Section 80G
  - Chapter XII : Section 115BBC, 115BBI
  - Chapter XII EB : Section 115TD, 115TE, 115TF

- All provisions have now been arranged at a single place in Chapter XVII of 2025 Act titled : **Part B**
- "Special Provisions for Registered Non-Profit Organization"
- 'Registered Non-Profit Organisation' now is the umbrella term - includes charitable trusts, religious organizations, research bodies, section 8 companies, educational institutions, hospitals, registered cooperative societies.

Scope of exercise undertaken for the new Income-tax Act

The Hon'ble Finance Minister in the **budget speech in July 2024** stated that the purpose of the comprehensive review of the Income-tax Act, 1961, is to make the Act **"concise, lucid, easy to read and understand**

Ground rules set for making the existing provisions concise, lucid, easy to read and understand

Following ground rules have been considered for simplifying the existing provisions:

i. **Eliminate redundant provisions, reducing its length by nearly half.**

ii. **The drafting style is straightforward and clear,** making the provisions easier to understand by **incorporating more than 57 tables compared to 18 tables in the Income-tax Act, 1961.**

Sub-sections and clauses have been used, instead of relying on provisos and explanations for exceptions and carve-outs.

This **minimises cross references and conflict by aggregating all applicable provisions related to a single scenario in one place.**

iii. **All provisos (about 1200) and explanations (about 900) have been removed.**

iv. The 1961 Act contains **numerous cross-references to sections, sub-sections, clauses, sub-clauses, items, and sub-items, making the provisions challenging to interpret.**

The **new act adopts a simplified reference system, allowing provisions to be cited by simply mentioning the section.**

For instance, section 133(1)(b)(ii) in the new Act would indicate sub-clause (ii) of clause (b) of sub-section (1) of section 133 in the existing Act.

This change makes the Act's language easier to understand.

v. A significant aspect is the **elimination of the concepts of 'previous year' and 'assessment year'.**

Prior to 1989, the concept of 'previous year' and 'assessment year' had been brought because the taxpayers could have different twelve-month previous years for each source of income.

From 1st April 1989, previous year was aligned to a financial year in all cases.

However, 'assessment year' continued to be used for various proceedings under the Act.

Thus, a taxpayer was required to track two different periods, i.e., the 'previous year' as well as the 'assessment year'.

This presented difficulties in complying to the provisions of the Act especially for a new taxpayer who had to keep track of 'previous year', 'assessment year' as well as 'financial year'.

Consultations have been done with stakeholders, while drafting new Act

A comprehensive consultative process was undertaken for the simplification exercise.

A total of **20,976 online suggestions** for simplification and removal of redundancies were received and analysed.

At the **international level, consultations were held with some of the taxation authorities** that had undertaken similar exercise in the recent past, viz. **the Australian Tax Office and Treasury, and the UK's Office of Tax Simplification.**

The **documents prepared in 2009 and 2019, were also referred,** while undertaking the exercise.

International and national guidance material such as 'Drafting Guide for Simplification of Laws' issued by Legislative Department, Ministry of Law and Justice, was studied for simplification of legal language.

Processes followed in conducting the simplification exercise

A **committee of around 150 officers of the Department** was actively involved in the entire exercise.

The **Committee prepared the draft text of various chapters, which was meticulously vetted by the Legislative Department of Ministry of Law and Justice and consolidated in the form of the final Bill, after necessary approvals.**

More than 60,000 man-hours were dedicated by the team for finalising the new Bill.

Principles of Tax Certainty followed in drafting of the new Income Tax Act

Ans: The new Income-tax Act is **approximately half the length of the existing Income-tax Act 1961,** with **significant re-organisation of provisions in different sections**. While undertaking simplification exercise, a **conscious attempt has been made to minimise the scope of litigation and fresh interpretations**. For this purpose:

a. **Key words/phrases, especially where courts have given rulings, have been retained with minimal modifications.**

b. **Language has been simplified by use of short sentences to the extent possible.**

c. **Sections have been translated into row or sub-rows in tables, reducing the number of words and bringing clarity.**

d. **Provisions have been made clear to minimize scope for multiple interpretations. The provisos and explanations have been removed and simplified content has been placed as sub-sections and clauses.**

e. **Provisions related to international taxation have been dealt with, broadly, to Ensure tax certainty.**

f. **NGO chapter has been made more comprehensive with use of plain language.**

g. **Exemption sections, for example section 10 in the present Act, has been made simpler through tables and placing large number of provisions in Schedules.**

h. **Formula and tables have been used to enhance clarity, wherever feasible.**

i. **Provisions involving same issues and definitions, which were present in different chapters in the existing Act have been consolidated, to the extent possible.**

Simplification

- Language - use of simple sentences as against complex legal drafting
- Difficult words removed like ‘Notwithstanding’ and replaced with easier words
- Structural improvement – removal of about 1,200 provisos and 900 Explanations – nested structures: 10(23C) had 35 provisos, 3rd proviso had 4 Explanations and 2nd Explanation had 8 provisos
- Removal of redundant and obsolete provisions
- Easy reference to a section – for e.g., “section 133(1)(b)(i)”

Use of formula

- Direct tax law frequently involves detailed computations
- When expressed solely in words become verbose, complex and susceptible to multiple interpretations - now the new long, winding sentences have been broken into simple formula.

Special provision for computation of capital gains in case of Market Linked Debenture

76. (1) Irrespective of anything contained in section 2(101) or section 72, the gains on the transfer or redemption or maturity, of a capital asset as mentioned in sub-section (2) shall be treated as short-term capital gains and shall be computed as per sub-section (3).

(2) For the purposes of sub-section (1), the capital asset shall be—

(a) a unit of a Specified Mutual Fund acquired on or after the 1st April, 2023 or a Market Linked Debenture; or

(b) an unlisted bond or an unlisted debenture which is transferred or redeemed or matures on or after the 23rd July, 2024.

(3) **For the purposes of sub-section (1), the short-term capital gains shall be computed as per the following formula:-**

X = A – B – C,

where,-

X = short-term capital gains;

A = full value of consideration received or accruing as a result of the transfer or redemption or maturity of the debenture or unit or bond;

B = the cost of acquisition of the debenture or unit or bond; and

C = the expenditure incurred wholly and exclusively in connection with such transfer or redemption or maturity.

(4) In computing capital gains under sub-section (3), no deduction shall be allowed for any sum paid as securities transaction tax as per Chapter VII of the Finance (No. 2) Act, 2004 (23 of 2004).

Tax on long-term capital gains.

197. (1) Where the total income of an assessee includes any income arising from the transfer of a long-term capital asset which is chargeable under the head "Capital gains", the tax payable by the assessee on the total income, subject to sub-sections (2), (3) and (4), shall be the aggregate of-

(a) income-tax payable on the total income as reduced by such long-term capital gains, had the total income, as so reduced, been his total income; and

(b) income-tax calculated on such long-term capital gains at the rate of 12.5%.

(2) In the case of an individual or a Hindu undivided family, being a resident, where the total income as reduced by long-term capital gains computed under sub-section (1) is below the maximum amount which is not chargeable to income-tax, then,-

(a) such long-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax; and

(b) the tax on the balance of such long-term capital gains shall be computed at the rate as referred in sub-section (1).

(3) In the case of an **individual or a Hindu undivided family,** being a resident, in the case of **transfer of a long-term capital asset, being land or building, or both, which was acquired before the 23rd July, 2024, the excess income-tax computed as per the following formula shall be ignored:-**

E = A – B

where -

E = excess income-tax to be ignored;

A = income-tax computed under sub-section (1)(b);

B = income-tax computed under sub-section (1)(b) taking the rate as 20% and the capital gains is computed by taking the cost of acquisition as "indexed cost of acquisition" and the cost of improvement as "indexed cost of improvement".

Removing Redundancy

Many sections were found either to be redundant, ineffective or needing consolidation with other sections. Nearly **300 sections were found to be redundant, ineffective or need consolidation.**

Examples :

Chapter XX-A & Chapter XX-C : *Acquisition of Immovable Properties* repealed with effect from 01.10.1986 and 01.07.2002 respectively.

Fringe Benefit Tax :	ceased from AY 2010-11
Settlement Commission :	ceased from 01.02.2021
Section 10A :	ceased from AY 2012-13

Structural Improvement

1961 Act – section 2(22)(e)	2025 Act – section 2(40)(c) (e)
(e) any payment by a company, not being a company in which the public are substantially interested, of any sum (whether as representing a part of the assets of the company or otherwise) made after the 31st day of May, 1987, by way of advance or loan to a shareholder, being a person who is the beneficial owner of shares (not being shares entitled to a fixed rate of dividend whether with or without a right to participate in profits) holding not less than ten per cent of the voting power, or to any concern in which such shareholder is a member or a partner and in which he has a substantial interest (hereinafter in this clause referred to as the said concern) or any payment by any such company on behalf, or for the individual benefit, of any such shareholder, to the extent to which the company in either case possesses accumulated profits;	any payment by a company, not being a company in which the public are substantially interested, of any sum (whether as representing a part of the assets of the company or otherwise)— (i) as an advance or loan to a shareholder, being a person who is the beneficial owner of shares (not being shares entitled to a fixed rate of dividend, with or without a right to participate in profits) holding not less than 10% of the voting power; or (ii) as an advance or loan to any concern in which such shareholder is a member or a partner and in which he has a substantial interest (herein referred to as the said concern); or (iii) made on behalf, or for the individual benefit, of any such shareholder, to the extent to which the company in either case possesses accumulated profits;

Structural Improvement

- "Notwithstanding"- rarely used in everyday speech - forces reader to mentally pause and decode - "Irrespective of" is immediately understood.
- **400 instances - served as a statutory override - provision will apply despite anything to the contrary in other conflicting provisions.**
- This interpretive function is preserved - lexical form used should be immaterial
- Even in UK, such archaic expressions generally avoided.

Structural Improvement

Eliminating Provisos and Explanations Example of ‘nested’ structures:

Section 10 has 90 Explanations and 131 Provisos.

Section 10(23C) contains 35 Provisos.

The 3rd proviso includes 4 Explanations.

The 2nd Explanation contains 8 provisos. There are provisos in sections, Explanations to these provisos and again, provisos to Explanations - extremely challenging to comprehend.

Simplified Referencing

- Complex references such as : “sub-clause (i) of clause (b) of sub-section (1) of section 133” **IS NOW “section 133(1)(b)(i)”**
- Instantly readable, precise, visually clear.
- How most write.

TDS Provisions

- All TDS provisions related to rates merged in one section - section 393, except salary (s. 392). Section 393 comprises 5 tables :
  - Payments to Resident,
  - Payment to Non-Resident,
  - No TDS,
  - Declaration for no TDS.
- TCS also in one section 394.
- Under the new framework, taxpayers can seek lower or nil TDS deduction through a unified application under section 128 across all eligible TDS provisions.

Section Mapping as per new Income Tax Act 2025		
Section Number of Income-tax Act, 1961	**Section heading as per Income-tax Act, 1961**	**Section number as per Income-tax Act, 2025**
1	Short title, extent and commencement.	1
2	Definitions.	2
3	Previous year" defined.	3
4	Charge of income-tax.	4
5	Scope of total income.	5
5A	Apportionment of income between spouses governed by Portuguese Civil Code.	10
6	Residence in India.	6
7	Income deemed to be received.	7(1)

Section Number of Income-tax Act, 1961	Section heading as per Income-tax Act, 1961	Section number as per Income-tax Act, 2025
8	Dividend income.	7(2)
9	Income deemed to accrue or arise in India.	9
9A	Certain activities not to constitute business connection in India.	9(12)
9B	Income on receipt of capital asset or stock in trade by specified person from specified entity.	8
10	Incomes not included in total income.	11
11to 13	Income from property held for charitable or religious purposes.	332 to 355
15 to 17	Salaries.	15 to 19
22 to 27	Income from house property.	20 to 25

Section Number of Income-tax Act, 1961	Section heading as per Income-tax Act, 1961	Section number as per Income-tax Act, 2025
28 to 44DB	Profits and gains of business or profession.	26 to 66
45 to 55A	Capital gains.	67 to 91
56 to 59	Income from other sources.	92 to 95
60 to 65	Income of other persons included in Assessee's total income	96 to 100
66	Total income.	101
67A	Method of computing a member's share in income of association of persons or body of individuals	309
68	Cash credits.	102
69	Unexplained investments.	103
69A	Unexplained money, etc.	104

Section Number of Income-tax Act, 1961	Section heading as per Income-tax Act, 1961	Section number as per Income-tax Act, 2025
69B	Amount of investments, etc., not fully disclosed in books of account.	103, 104
69C	Unexplained expenditure, etc.	105
69D	Amount borrowed or repaid through negotiable instrument, hundi etc.,	106
NEW	Charge of tax.	107
70 to 80	Set off, or C/f and set off of losses	108 to 121
80A	Deductions to be made in computing total income	122
80C to 80GGC	Deductions in respect of certain payments	123 to 137
80-IA to 80RRB	Deductions in respect of certain Income	138 to 152
80TTA, 80TTB	Deduction in respect of other incomes	153

Section Number of Income-tax Act, 1961	Section heading as per Income-tax Act, 1961	Section number as per Income-tax Act, 2025
80U	Other deductions	154
86	Share of member of an association of persons or body of individuals in the income of association or body	310
87, 87A	Rebate	155, 156
89, 89A	Relief	157, 158
90, 90A & 91	Double Taxation releif	159, 160
92 to 94B	Special provisions relating to avoidance of tax	161 to 177
95 to 102	GAAR	178 to 184
110 to 115BBJ	Determination of tax in certain special cases	190 to 194
115C to 115I	Special provisions relating to certain incomes of non-residents.	212 to 218

Section Number of Income-tax Act, 1961	Section heading as per Income-tax Act, 1961	Section number as per Income-tax Act, 2025
115J to 115JB	Special provisions relating to certain companies	206
115JC to 115JF	Special provisions relating to certain persons other than a company.	206
115JG	Conversion of an Indian branch of foreign company into subsidiary Indian company	219
115JH	Foreign company said to be resident in India	220
115TCA	Tax on income from securitisation trusts.	221
115TD to TF	Special provisions relating to tax on accreted income certain trust or institutions	352
115U	Tax on income in case of venture capital under takings	222
115UA	Tax on income of unit holder and business trust.	223
115UB	Tax on income of investment fund and its unit holders.	224

Section Number of Income-tax Act, 1961	Section heading as per Income-tax Act, 1961	Section number as per Income-tax Act, 2025
115V to 115VZC	Special provisions relating to income of Shipping Companies	235, 225, 226(1) 235(h), 235(i), 226(2) to (6), 226(7), 227(1) to (6), 227 (7) & (8), 228(1) to (13), 228(14) &(15) , 229(1) to (7), 230(1), 230(2) to (4), 229(8) to (10), 228(16), 231 (1) to (7), 231(8) & (9), 231(10) & (11) 231(12), 232(1) to (11), 232(12) to (14), 232(15) to (20), 232(21), 227(9), 233(1) to (4), 233(5) & (6), 232(22) & (23), 234(1) to (3), 234(4) to (7)

Section Number of Income-tax Act, 1961	Section heading as per Income-tax Act, 1961	Section number as per Income-tax Act, 2025
116 to 138	Income-tax Authorities.	236 to 258
139	Return of Income	263
139A	Permanent Account Number	262
139AA	Quoting of Aadhaar Number	262(9)
139B	Scheme for submission of returns through Tax Return Preparers	264
139C	Power of Board to dispense with furnishing documents, etc., with return	263(2)(a)
139D	Filing of return in electronic form	263(2)(a)

Section Number of Income-tax Act, 1961	Section heading as per Income-tax Act, 1961	Section number as per Income-tax Act, 2025
140	Return by whom to be verified	265
140A	Self-assessment	266
140B	Tax on Updated Returns	267
142	Inquiry before assessment	268
142A	Estimation of value of assets by Valuation Officer	269
142B	Faceless Inquiry or Valuation	532
143	Assessment	270
144	Best judgment assessment	271
144A	Power of Joint Commissioner to issue directions in certain cases	272
144B	Faceless Assessment	273

Section Number of Income-tax Act, 1961	Section heading as per Income-tax Act, 1961	Section number as per Income-tax Act, 2025
144BA	Reference to Principal Commissioner or Commissioners in certain cases	274
144C	Reference to dispute resolution panel	275
145	Method of accounting	276
145A	Method of accounting in certain cases	277
145B	Taxability of certain income	278
147	Income escaping assessment	279
148	Issue of notice where income has escaped assessment	280
148A	Procedure before issuance of notice u/s 148	281

Section Number of Income-tax Act, 1961	Section heading as per Income-tax Act, 1961	Section number as per Income-tax Act, 2025
149	Time limit for notice u/s 148 and 148A	282
150	Provision for cases where assessment is in pursuance of an order on appeal, etc	283
151	Sanction for issue of notice	284
151A	Faceless assessment of income escaping assessment	532
152	other provisions	285
153	Time limit for completion of assessments, reassessments and re-computation	286
154	Rectification of mistake	287
155	Other Amendments.	288
156	Notice of demand.	289

Section Number of Income-tax Act, 1961	Section heading as per Income-tax Act, 1961	Section number as per Income-tax Act, 2025
156A	Modification and revision of notice in certain cases.	290
157	Intimation of Loss.	291
157A	Faceless rectification, amendments and issuance of notice or intimation.	532
158A	Procedure when assessee claims identical question of law is pending before High Court or Supreme Court.	375
158AB	Procedure where an identical question of law is pending before High Court or Supreme Court.	376
158B to 158BH	Special Procedure for assessment of search cases	292 to 301

Section Number of Income-tax Act, 1961	Section heading as per Income-tax Act, 1961	Section number as per Income-tax Act, 2025
159	Legal representatives.	302
160	Representative assessee.	303
161	Liability of representative assessee.	304
162	Right of representative assessee to recover tax paid.	305
163	Who may be regarded as agent.	306
164	Charge of tax where share of beneficiaries unknown.	307
164A	Charge of tax in case of oral trust.	308
165	Case where part of trust income is chargeable.	304

Section Number of Income-tax Act, 1961	Section heading as per Income-tax Act, 1961	Section number as per Income-tax Act, 2025
166	Direct assessment or recovery not barred .	304
167	Remedies against property in cases of representative assessees .	304
167A	Charge of tax in case of a firm.	324
167B	Charge of tax where shares of members in association of persons or body of individuals unknown etc.	311
167C	Liability of partners of limited liability partnership in liquidation.	331
168	Executors.	312
169	Right of executor to recover tax paid .	312
170	Succession to business otherwise than on death.	313

Section Number of Income-tax Act, 1961	Section heading as per Income-tax Act, 1961	Section number as per Income-tax Act, 2025
170A	Effect of order of tribunal or court in respect of business reorganisation.	314
171	Assessment after partition of a Hindu undivided family.	315
172	Shipping business of non-residents.	316
173	Recovery of tax arrear in respect of non-resident from his assets.	422
174	Assessment of persons leaving India.	317
174A	Assessment of association of persons or body of individuals or artificial juridical person formed for a particular event or purpose.	318
175	Assessment of persons likely to transfer property to avoid tax.	319

Section Number of Income-tax Act, 1961	Section heading as per Income-tax Act, 1961	Section number as per Income-tax Act, 2025
176	Discontinued business.	320
177	Association dissolved or business discontinued.	321
178	Company in liquidation.	322
179	Liability of directors of private company.	323
184	Assessment as a Firm.	325
185	Assessment when section 184 not complied with.	326
187	Change in constitution of a firm.	327
188	Succession of one firm by another firm.	328
188A	Joint and several liability of partners for tax payable by firm.	329
189	Firm dissolved or business discontinued.	330

Section Number of Income-tax Act, 1961	Section heading as per Income-tax Act, 1961	Section number as per Income-tax Act, 2025
190 to 206CCA	TDS and TCS	390, 390(4), 390(5), 390(6) 391, 392, 392(7), 393, 393(6), 394, 395(1), 395(3 & 4), 395(4) ,397(3), 397(3), 397(1), 397(2), 397(3) 398, 399, 401, 402(27)
207 to 219	Advance Tax	403 to 410
220 to 232	Collection and recovery	411 to 421 & 532
234A	Interest for defaults in furnishing return of income.	423
234B	Interest for defaults in payment of advance tax.	424

Section Number of Income-tax Act, 1961	Section heading as per Income-tax Act, 1961	Section number as per Income-tax Act, 2025
234C	Interest for deferment of advance tax.	425
234D	Interest on excess refund.	426
234E	Fee for default in furnishing statements.	427
234F	Fee for default in furnishing return of income.	428
234G	Fee for default relating to statement or certificate.	429
234H	Fee for default relating to intimation of aadhaar number.	430
237 to 245	Refunds.	431 to 438
245MA	Dispute Resolution Committee.	379
245N to 245W	Advance ruling	380 to 389

Section Number of Income-tax Act, 1961	Section heading as per Income-tax Act, 1961	Section number as per Income-tax Act, 2025
246 to 251	Appealable orders before Joint Commissioner (Appeals). & Commissioner (Appeals)	356 to 360
252 to 255	Appellate Tribunal.	361 to 364
260A	Appeal to High Court.	365
260B	Case before High Court to be heard by not less than two judges.	366
261	Appeal to Supreme Court.	367
262	Hearing before Supreme Court.	368
263	Revision of orders prejudicial to revenue.	377
264	Revision of other orders.	378
264A	Faceless revision of orders.	532
264B	Faceless effect of orders.	532

Section Number of Income-tax Act, 1961	Section heading as per Income-tax Act, 1961	Section number as per Income-tax Act, 2025
265	Tax to be paid notwithstanding reference, etc.	369
266	Execution for costs awarded by Supreme Court.	370
267	Amendment of assessment on appeal.	371
268	Exclusion of time taken for copy.	372
268A	Filing of appeal or application fore reference by income-tax authority.	373
269	Definition of "High Court"	374
269SS	Mode of taking or accepting certain loans, deposits and specified sum.	185
269ST	Mode of undertaking transactions.	186
269SU	Acceptance of payment through prescribed electronic modes.	187

Section Number of Income-tax Act, 1961	Section heading as per Income-tax Act, 1961	Section number as per Income-tax Act, 2025
269T	Mode of repayment of certain loans or deposits.	188, 189
270A to 275	Penalties	439 to 472
275A to 280D	Offences and Prosecutions	473 to 498
281	Certain transfers to be void.	499
281B	Provisional attachment to protect revenue in certain cases.	500
282	Service of notice, generally.	501
282A	Authentication of notices and other documents.	502
283	Service of notice when family is disrupted or firm etc., is dissolved.	503
284	Service of notice in case of discontinued business.	504
285	Submission of statement by a non-resident having liaison office.	505

Section Number of Income-tax Act, 1961	Section heading as per Income-tax Act, 1961	Section number as per Income-tax Act, 2025
285A	Furnishing of information or documents by an Indian concern in certain cases.	506
285B	Submission of statements by producers of cinematograph films or persons engaged in specified activity.	507
285BA	Obligation to furnish statement of financial transaction or reportable account.	508
285BAA	Obligation to furnish information on transaction of crypto-asset.	509
285BB	Annual information statement.	510
286	Furnishing of report in respect of international group.	511
287	Publication of information respecting assessees in certain cases.	512

Section Number of Income-tax Act, 1961	Section heading as per Income-tax Act, 1961	Section number as per Income-tax Act, 2025
287A	Appearance by registered valuer in certain matters.	513
NEW	N.A.	514
288	Appearance by authorised representative.	515
288A	Rounding off of income.	516
288B	Rounding off of amount payable and refundable due.	516
289	Receipt to be given.	517
290	Indemnity.	518
291	Power to tender immunity from prosecution.	519
292	Cognizance of offences.	520

Section Number of Income-tax Act, 1961	Section heading as per Income-tax Act, 1961	Section number as per Income-tax Act, 2025
292A	Section 360 of the Code of Criminal Procedure, 1973, and the Probation of Offenders Act, 1958, not to apply.	521
292B	Return of income, etc., not to be invalid on certain grounds.	522
292BB	Notice deemed to be valid in certain circumstances.	523
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Chapter XV

RETURN OF INCOME

A - Allotment of Permanent Account Number

Permanent Account Number.

262*(1)* *(Akin to section 139A of the Income tax Act,1961)*

- Every person who has not been allotted a Permanent Account Number shall,
- within such time as may be prescribed,
- apply to the Assessing Officer for its allotment
- if he fulfils any of the following conditions:-

(a) his total income or the **total income** of any other person for which he is assessable under this Act during any tax **year exceeded the maximum amount not chargeable to income-tax; or**

(b)he is **carrying on any business or profession** whose **total sales, turnover or gross receipts are or is likely to exceed ₹ 500000 in any tax year; or**

(c) he is required to **furnish a return of income under section 263 for any tax year**; or

(d) he is a **resident, other than an individual**, which enters into a **financial transaction aggregating to ₹ 250000 or more in a tax year; or**

(e) he is the **managing director, director, partner, trustee, author, founder, karta, chief executive officer, principal officer or office bearer** of the person **referred to in clause (d)** or any person competent to act on behalf of the person referred to in clause (d); or

(f) he intends to **enter into such transaction as may be prescribed by the Board** in the interest of revenue.

262(2) *(Akin to section 139A(3) of the Income tax Act,1961)*

Any person, **not covered under sub-section (1)** may **apply to the Assessing Officer** for the allotment of a Permanent Account Number after which the **Assessing Officer shall allot a Permanent Account Number** to such person.

262(3) *(Akin to section 139A(5) of the Income tax Act,1961)*

Every person **shall quote Permanent Account Number in all his returns** to, or **correspondence with, any income-tax authority** and in all **challans for the payment** of any sum due under this Act.

262(4) *(Akin to section 139A(5) of the Income tax Act,1961)*

Every person shall **intimate the Assessing Officer of any change in his address or in the name and nature of his business** on the basis of which the Permanent Account Number was allotted to him.

262(5)

Every person who is **eligible to obtain Aadhaar number shall quote such number in the application form for allotment of Permanent Account Number and in the return of income.**

262(6)

(a) For the cases other than sub-section (5), **every person who has been allotted Permanent Account Number and who is eligible to obtain Aadhaar number,** shall **intimate his Aadhaar number to the prescribed income-tax authority** in such form and manner, as may be prescribed;

(b) if a **person fails to intimate his Aadhaar number** as per clause (a), the **Permanent Account Number allotted to that person shall be made inoperative** in such manner as may be prescribed.

262(7) *(Akin to section 139A(5E) of the Income tax Act,1961)*

Every person who is **required to furnish or intimate or quote his Permanent Account Number** under this Act, and who-

(a) has **not been allotted a Permanent Account Number but possesses the Aadhaar number, may furnish or intimate or quote his Aadhaar number in lieu of the Permanent Account Number,** and such person shall be allotted a Permanent Account Number in the manner, as may be prescribed;

(b) has been **allotted a Permanent Account Number,** and who **has intimated his Aadhaar number** as per sub-section (6) **may furnish or intimate or quote his Aadhaar number in lieu of the Permanent Account Number.**

262(8) *(Akin to section 139A(7) of the Income tax Act,1961)*

A **person** who has **already been allotted a Permanent Account Number cannot apply, obtain or possess another Permanent Account Number.**

262(9) *(Akin to section 139A(6), 139A(6A) and 139A(6B) of the Income tax Act,1961)*

(a) Every person **entering into such transaction,** as may be prescribed, **shall quote his Permanent Account Number or Aadhaar number,** in the documents pertaining to such transactions and also **authenticate such Permanent Account Number or Aadhaar number,** in the manner, as may be prescribed;

(b) every person **receiving any document relating to the transactions** referred to in clause (a), shall ensure that **Permanent Account Number or Aadhaar number, has been duly quoted in such document and that such Permanent Account Number or Aadhaar number is authenticated** as may be prescribed.

262(10) *(Akin to section 139A(8) of the Income tax Act,1961)*

The Board may **make rules** providing for—

(a) the **form, manner and time** in which an **application may be made for the allotment of Permanent Account Number** and the **particulars which such application shall contain;**

(b) **class or classes of persons** who shall be **required to apply for allotment of Permanent Account Number;**

(c) **categories of documents pertaining to business or profession** in which **Permanent Account Number shall be quoted** by every person;

(d) the **form and manner** in which **the person who has not been allotted a Permanent Account Number shall make his declaration;**

(e) **manner of authentication of Permanent Account Number or Aadhaar number;**

(f) **class or classes of persons** to whom the **provisions** of this section **shall not apply** having regard to the transactions or the circumstances.

262(11) *(Akin to section 139A(1A) & 139A(B) of the Income tax Act,1961)*

(a) **The Central Government may, by notification, specify any class or classes of persons** who **shall apply** to the Assessing Officer for the **allotment of Permanent Account Number within such time** as mentioned in such notification;

(b) **the class or classes of persons** in clause (a) **may include** such persons-

(i) by whom **tax is payable under this Act**; or

(ii) by whom any **tax or duty is payable under any other law in force**; or

(iii) being **importers and exporters, even when no tax is payable by them.**

262(12)

The **provisions of sub-sections (5) and (6) shall not apply** to such person or class or classes of persons or any State or part of any State, **as may be notified by the Central Government.**

262(13) *(Akin to explanation to section 139A of the Income tax Act,1961)*

For the purposes of this section,-

(a) **"Aadhaar number"** shall have the same meaning as assigned to it in section 2(a) of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016;

(b) "**Assessing Officer" includes an income-tax authority who is assigned the duty of allotting Permanent Account Number;**

(c) **"authentication"** means the process by which the Permanent Account Number or Aadhaar number along with demographic information or biometric information of an individual is submitted to the income-tax authority or such other authority or agency as may be prescribed for its verification and such authority or agency verifies the correctness, or the lack thereof, on the basis of information available with it.

Chapter XV

B. Filing of return of income

Return of Income

Frequently Asked Questions & Answers

1. How will the simplification efforts in filing the return of income will help me as tax-payer?

Ans. Chapter XV of the Income Tax Act, 2025 is divided into two parts: **Part A (pertaining to PAN) and Part B (pertaining to the filing of return of income).**

The proposed **section 263(1)(a)** of the Bill lists the various **categories of assessees who are required to file the returns of income**.

Under Section 139 of the Income Tax Act, 1961, these **assessees are scattered across various sub-sections.**

In the proposed Income Tax Bill, **all assessees are consolidated in one place which makes it easier for each category of assessees to locate and fulfil their return filing obligations**.

2. Are exempt entities required to file return of income?

Ans. Yes, **exempt entities continue to be under obligation to file return of income** if their **total income before allowing exemption exceeds the maximum amount not chargeable to income tax.**

3. Have the due dates for filing returns of income changed?

Ans. No, the **due dates for filing returns** of income for each category of assessees are **still the same.**

They are now presented in a **tabular format for easier understanding.**

4. Have the provisions for belated returns, revised returns, and updated returns changed?

Ans. No, the provisions regarding **belated returns, revised returns, and updated returns remain the same as in the Income Tax Act, 1961**(including amendments proposed vide Finance Act, 2025).

OBSERVATION / RECOMMENDATIONS OF SELECT COMMITTEE OF LOK SABHA ON PROVISIONS OF RETURN OF INCOME

263	(i) The Committee observe that Clause 263(1) of the Income Tax Act, 2025 states that for persons other than companies or firms, the ITR filing obligation is there if their total income exceeds the basic exemption limit without giving effect to deductions allowable under "Chapter IV-E (Capital Gains)." However, the Committee note that referring to the entire "Chapter IV-E" is too broad as this Chapter covers not only specific exemptions but also fundamental elements of capital gains computation such as the cost of acquisition, indexed cost, and exempt transfers. Also, the broad phrasing might be misinterpreted to mean that all these computational elements (cost, exempt transfers, etc.) are to be ignored when calculating total income for the ITR filing threshold. Therefore, the Committee recommend that in order to prevent potential litigation, avoid ambiguity and ensure clarity, the provisions of the Income Tax Act, 2025 may be amended to align with the existing Act by explicitly specifying only those particular deductions within Chapter IV-E that are to be disregarded when determining the ITR filing threshold, rather than the entire chapter.

263	(ii) The Committee observe that the current mandatory requirement to file a return solely for the purpose of claiming a refund could inadvertently lead to prosecution, particularly for small taxpayers whose income falls below the taxable threshold but from whom tax has been deducted at source. In such scenarios, the law should not compel a return merely to avoid penal provisions for non-filing. The Committee, therefore, recommend to remove sub-clause (1)(ix) to Clause 263 to provide flexibility for allowing refund claims in cases where the return is not filed in due time.
	(iii) The Committee further note that there is an error in cross referencing in sub-clause 8(a). Therefore, the Committee recommend to remove '(4)' from referred Section '239(4)(3)(b)' in sub-clause (8)(a) to Clause 263.
	(iv) The Committee recommend that to provide better clarity regarding due date of filing returns, in the Table in Clause 263 for company with Transfer Pricing transactions, the due date 30th November may be added.

264	The Committee, upon examination and the justification provided by the Ministry, find the provisions of the Clause 264 in line with the existing provisions with retention of the same intent and therefore accept the Clause as proposed.
265	The Committee note the justification provided by the Ministry and find the provisions of the Clause 265 to be textual simplification of the existing provisions of the 1961 Act with no change in policy and intent and therefore the Committee accept the Clause as it stands.
266	The Committee, upon examination and the justification provided by the Ministry and find the provisions of the Clause 266 corresponding to the existing provisions and therefore accept the Clause as proposed.

267	The Committee, upon examination of the provisions of the Clause, note a drafting error in sub-clause 267(12) and therefore recommend to re-draft the said sub clause so as to improve its clarity and precision, aligning it with the overall scheme of updated returns, especially when it is the first return filed. The Committee, other than recommending the Ministry to carry out the necessary change, find the provisions to be a textual simplification and accept the Clause as proposed.

Return of income.

263(1)(a) *(Akin to section 139(1) of the Income tax Act,1961)*

- Every **person** as **mentioned below** shall,
- for a **tax year,**
- on or before the **due date,**
- furnish a **return of his income** or
- the **income of any other person**
- in **respect of which he is assessable** during the said tax year:-

(i) a **company**;

(ii) a **firm**;

(iii) a **person other than a company or a firm**,

- if his **total income** or the **total income of any other person**
- in respect of which he is **assessable** under this Act during the **tax year,**
- **without giving effect** to the **provisions of Chapter XVII-B** or provisions of **Schedule VIII** (Table: Sl. No. 1) or
- **deductions allowable under section 82 or 83 or 84 or 85 or 86 or 87 or 88 of Chapter IV-E or Chapter VIII,**
- as the case may be,
- **exceeded the maximum amount**
- **which is not chargeable to income-tax**;

Notes

- **Chapter XVII-B** (Special provisions **for registered non-profit organization**)

- **Schedule VIII** (**Table: Sl. No. 1**) or (**Old section 13A**)

Income not to be included in the Total Income of **Political Parties and Electoral Trusts**

1. Any income which is chargeable under the head "Income from house property" or "Income from other sources" or "Capital gains" or any income by way of voluntary contributions received from any person by a political party registered under section 29A of the Representation of the People Act, 1951.

- **Chapter IV-E** (Old / New section Capital Gains)
- **Section 82** (Old section **54**)
- **Section 83** (Old section **54B)**
- **Section 84** (Old section **54D)**
- **Section 85** (Old section **54EC)**
- **Section 86** (Old section **54F)**
- **Section 87** (Old section **54G)**
- **Section 88** (Old section **54GA)**

- **Chapter VIII** (**deductions to be made in computing total income**) (**New section 123 to 154**) (**old section 80C to 80U**)

(iv) **a specified entity**, **(defined in 263(9)(c))** if its **total income without giving effect** to the provisions of **section 11 exceeds the maximum amount which is not chargeable to income-tax; (old section 10)**

(v) a **University, college or other institution** as referred to **in section 45(3)(a); (old section 35)**

(vi) a **business trust**;

(vii) an **investment fund** as referred to in **section 224; (old section 115UB)**

(viii) a person **who has sustained a loss in the tax year** under the head **"Profits and gains of business or profession**" or under the head "**Capital gains"** and **who intends to claim that such loss**, or any part thereof, is to be **carried forward as per this Act**;

(ix) a **person, who is a resident, other than not ordinarily resident**, and who at **any time during the tax year**, -

(A) holds, as a **beneficial owner or otherwise**, **any asset** (**including any financial interest in an entity)** **located outside India**, or has **signing authority in any account located outside India**; or

(B) is a **beneficiary of any asset** (**including any financial interest in an entity**) **located outside India**, **except where any income arising from such asset is includible in the income of person** referred to in item (A);

263(1)(a)(x)

a person, other than a company or firm, who during the tax year, **fulfils such conditions as may be prescribed;**

IT Rules 2026

Conditions for furnishing return of income by persons other than a company or firm referred to in section 263(1)(a)(x).

163

(1) The **conditions required to be fulfilled in a tax year** for the purposes of furnishing return of income in respect of **a person other than a company or firm** referred to in **section 263(1)(a)(x),** shall be the following:-

(a) if he has **deposited** an amount or aggregate of the **amounts exceeding one crore rupees in one or more current accounts** maintained with a banking company or a co-operative bank; or

(b) if he has incurred **expenditure** of an amount or aggregate of the **amounts exceeding Rs.200000 for himself or any other person for travel to a foreign country**; or

(c) if he has incurred **expenditure** of an **amount or aggregate of the amounts exceeding Rs.100000 towards consumption of electricity**; or

(d) if his **total sales, turnover or gross receipts,** as the case may be, **in the business exceeds sixty lakh rupees**; or

(e) if his **total gross receipts in profession exceeds ten lakh rupees**; or

(f) if the **aggregate of tax deducted at source and tax collected at source**, in the case of such person is **Rs. 25000 or more**, and in the case **of individual resident of the age of sixty years or more, the amount shall be taken as Rs. 50000 or more**; or

(g) if he has **deposited** in his one or more **savings bank account,** in aggregate**, fifty lakh rupees or more.**

(2) For the purposes of this rule, the expression "travel to a foreign country" does not include travel to the neighbouring countries or to such places of pilgrimage as the Board may specify in this behalf, by notification.

263(1)(b)

the persons referred in clauses (a)(i), (a)(ii), (a)(v), (a)(vi), (a)(vii) and (a)(ix) shall furnish return on or before the due date regardless of income or loss;

263(1)(a)(i)	a company;
263(1)(a)(ii)	a firm;
263(1)(a)(v)	a University, college or other institution as referred to in section 45(3)(a);
263(1)(a)(vi)	a business trust;
263(1)(a)(vii)	an investment fund as referred to in section 224;
263(1)(a)(ix)	person, who is a resident, other than not ordinarily resident

263(1)(c) *(Akin to explanation 2 of section 139(1)of the Income tax Act,1961)*

for the purposes of this section, "**due date**" means the **date of the financial year succeeding the relevant tax year** as mentioned in the corresponding entry of column C of the Table below in respect of the persons mentioned in column B of the said Table:

Sl. No	Person	Due date
A	B	C
1	Assessee including the partners of the firm or the spouse of such partner (if section 10 applies to such spouse (old section 5A)), who is required to be furnished a report referred to in section 172. (Old section 92E).	30th November.
2	Company (in cases other than those mentioned in Sl. No. 1).	31st October.
3	Person (other than a company) whose accounts are required to be audited under this Act or under any other law in force (in cases other than those mentioned in Sl. No. 1).	31st October.
4	Partner of a firm whose accounts are required to be audited under this Act or under any other law in force; or the spouse of such partner (if section 10 applies to such spouse) (in cases other than those mentioned in Sl. No.1)	31st October
5	Any other assessee.	31st July

FM Budget Speech

109. *I also propose to stagger the timeline for filing of tax returns. Individuals with ITR 1 and ITR 2 returns will continue to file till 31st July and non-audit business cases or trusts are proposed to be allowed time till 31st August.*

MEMORANDUM TO FINANCE BILL 2026

Rationalising due dates for filing of return of Income.

Section 263 of the Income Tax Act, 2025 ("the Act") makes the provisions for filing of Income Tax Return by taxpayers.

The said section deals with the comprehensive framework that lays down class of persons who are required to file a return, the due dates, and the different types of returns that may be furnished.

It covers the original return, belated return, revised return and the updated return.

2. Section 263(1)(c) of the Act deals with "due date" means the date of the financial year succeeding the relevant tax year for filing the return of Income by different classes of assessee / person with different condition applied therein.

In this regard, **in order to facilitate the taxpayers who are engaged in business or profession and partners of a firm who do not require to get their books of account audited and trusts, it is proposed that more time should be made available to them to prepare their books of accounts to make the necessary compliances.**

Accordingly, **rationalisation of due dates for filing of return of Income in such non audit business cases and trusts is envisaged to facilitate taxpayers and reduce grievances.**

MEMORANDUM TO FINANCE BILL 2026

3. In this regard, assessee having income from profits and gains of business or profession whose accounts are not required to be audited under this Act or under any other law in force and partner of a firm whose accounts are not required to be audited under this Act or under any other law in force or the spouse of such partner (if section 10 applies to such spouse), their due date for filing of return is proposed to be extended from 31st July to 31st August.

Further, individuals who files ITR-1 & ITR-2, their due date for filing return of Income shall remain 31st July.

MEMORANDUM TO FINANCE BILL 2026

4. Similar rationale as referred in para 2 has been applied to make **similar amendments in Explanation-2 to sub-section (1) of section 139 of Income-tax Act, 1961 to extend the due date of filing return of Income for non-audit business cases and Trusts requiring no audits.**

5. It is proposed that **the amendments made in Income-tax Act, 2025 shall come into force from the 1st day of April, 2026 for tax year 2026-27 and subsequent tax years.**

6. It is proposed that the **amendments made in Income-tax Act, 1961 shall come into force from the 1st day of March, 2026 for assessment year 2026-27(previous year 2025-26).**

[Clause 5, 57]

Amendment of section 263.

57. In section 263 of the Income-tax Act, -

(a) in sub-section (1), for clause (c), the following clause shall be substituted, namely:—

'(c) for the purposes of this section, "**due date"** in respect of the **persons mentioned in column B of the Table** below, **subject to conditions as mentioned in column C** of the said Table, **shall be the due date of the financial year succeeding the relevant tax year as mentioned in column D thereof:**

Sl. No.	Person	Conditions	Due date
A	B	C	D
1.	Assessee, including the partners of the firm or the spouse of such partner (if section 10 applies to such spouse).	Where the provisions of section 172* apply.	30th November.
2.	(i) Company; (ii) Assessee (other than a company) whose accounts are required to be audited under this Act or under any other law in force; (iii) partner of a firm whose accounts are required to be audited under this Act or under any other law in force; or the spouse of such partner (if section 10 applies to such spouse).	Where the provisions of section 172 do not apply.	31st October.

***172.** Report from an accountant to be furnished by persons entering into international transaction or specified domestic transaction (Old section 92E)

3.	(i) **Assessee having income from profits and gains of business or profession whose accounts are not required to be audited under this Act or under any other law in force;** (ii) **partner of a firm whose accounts are not required to be audited under this Act or under any other law in force or the spouse of such partner (if section 10 applies to such spouse).**	**Where the provisions of section 172 do not apply.**	**31st August.**
4.	Any other assessee.		31st July.’;

RELATED FAQ's

VIII. Due Dates for filing return of Income

Q.1 What are the changes that has been carried out in due dates for filing of return of Income?

Ans: Due date for non-audit business cases and Trusts is extended under 263(1)(c) of Income-tax Act, 2025 from 31st July to 31st August.

Q.2 What is the rationale for making amendments in due dates under section 263(1)(c) of the Income-tax Act, 2025?

Ans: It is envisaged to provide more time for non-audit business cases and trusts to prepare their books of account and make necessary compliances and reduce grievances.

Q.3 What are the changes in due dates for salaried Individuals?

Ans: Due date for assessee filing ITR-1 & ITR-2 shall remain 31st July.

Q.4 When shall these amendments in due dates under section 263(1)(c) of the Income-tax Act, 2025 will come into force?

Ans: Amendments under section 263(1)(c) of Income-tax Act, 2025 shall be effective from 1st April, 2026 and shall be applicable for tax year 2026-27.

Q.5 Whether similar amendments are carried out under Income-tax Act, 1961?

Ans: Yes, similar amendments under Explanation-2 to section 139(1) has been carried out in Income-tax Act, 1961.

Q.6 Which assessment year shall be affected by the amendments made in Income-tax Act, 1961?

Ans: Amendments in section 139(1) of Income-tax Act, 1961 shall be effective from 1st March, 2026 and shall be applicable for assessment year 2026-27(previous year 2025-26).

Accordingly due date for non-audit business cases and Trusts for AY 2026-27 shall be 31st August 2026.

263(2)(a) *(Akin to section 139(6) of the Income tax Act,1961)*

The **Board** may prescribe **form** for **furnishing return of income, manner of its verification and such other particulars** including–

(i) the **class or classes of persons** who shall be required to furnish the return in electronic form or otherwise;

(ii) **the form and the manner** in which the **return may be furnished,** whether in electronic form or otherwise;

(iii) the **documents, statements, receipts, certificates, audited reports or any other documents** which **may not be furnished** along with the **return in electronic form but shall be produced before the Assessing Officer on demand;**

(iv) **the computer resource or the electronic record to which the return in electronic form may be transmitted;**

263(2)(b) *(Akin to section 139(6A) of the Income tax Act,1961)*

the **particulars prescribed** under clause (a) **may also include-**

(i) **income exempt from tax;**

(ii) **assets of the prescribed nature and value held by the assessee as a beneficial owner or otherwise or in which he is a beneficiary;**

(iii) **bank account and credit card** held by the assessee;

(iv) **expenditure exceeding the prescribed limit incurred** by the assessee **under prescribed heads;**

(v) such **other outgoings** as may be prescribed;

(vi) the **report of any audit referred to in section 63 (old section 44AB)** or a copy thereof;

(vii) the particulars of the **location and style of the principal place of the business or profession and all the branches thereof;**

(viii) the **names and addresses of the partners,** if any, in the business or profession;

(ix) the **names of the other members of the association of person or the body of individuals** and the **extent of the share of the assessee** and the **shares of all such members in the profits of the business or profession** and any branches thereof.

263(3) *(Akin to section 139(1C) of the Income tax Act,1961)*

- The **Central Government may, by notification,**
- **exempt any class or classes of persons,**
- **from the obligation to file a return of income** under this section,
- subject to the conditions specified therein.

Belated Return

263(4) *(Akin to section 139(4) of the Income tax Act,1961)*

- Any person who has **not furnished a return**
- **within the time allowed to him under sub-section (1),**
- may **furnish the return** for **any tax year** at any time
- **within nine months from the end of the relevant tax year,** or
- **before the completion of the assessment,**
- **whichever is earlier.**

Old section 139(4)

Any person who has not furnished a return within the time allowed to him under sub-section (1), may furnish the return for any previous year at any time ***before three months prior to the end of the relevant assessment year or before the completion of the assessment, whichever is earlier.***

Revised Return

263(5) *(Akin to section 139(5) of the Income tax Act,1961)*

- If any person, having furnished a **return under sub-section (1) or sub-section (4)**,
- discovers any **omission or any wrong statement** therein,
- he may **furnish a revised return** at any time
- **within nine months from the end of the relevant tax year,** or
- **before the completion of the assessment,**
- **whichever is earlier.**

Old section 139(5)

If any person, having furnished a return under sub-section (1) or sub-section (4), discovers any omission or any wrong statement therein, he may furnish a revised return at ***any time before three months prior to the end of the relevant assessment year or before the completion of the assessment, whichever is earlier.***

FM Budget Speech

108. *I propose to extend time available for revising returns from 31st December to up to 31st March with the payment of a nominal fee.*

MEMORANDUM

Extending the period of filing revised return

Section 263 of the Income-tax Act, 2025 deals with filing of Income-tax return by taxpayers.

The said section prescribes the comprehensive framework that lays down class of persons who are required to file a return, the due dates, and the different types of returns that may be furnished.

It covers the original return, belated return, revised return and updated return.

2. Further, **section 263(5) of the Act provides for the revised return of income.**

It allows a person who has already furnished a return under section 263(1) and (4) to file a revised return, if any omission or wrong statement is discovered in the original or belated return.

Such **revised return required to be furnished within nine months from the end of the relevant tax year or before completion of assessment, whichever is earlier**.

3. Section 263(5) allows a taxpayer to revise an original or belated return to rectify any omission or wrong statement, relating to income, deductions, exemptions, losses, or any other particulars.

4. It is considered to increase the prescribed time limit for filing the revised return from existing 9 months to 12 months from the end of the relevant tax year.

As presently, **the timeline for revised and belated return coincides with each other which is nine months from the end of the relevant tax year.**

Hence, a person who is filing his belated return at the end was not having the opportunity to revise his return of income.

The extension of time limit for filing revised return of income, will allow the taxpayers to file revised return where belated return is filed at the end.

5. In this regard**, it is proposed to amend section 263(5) of the Act so as to increase the prescribed time limit for filing the revised return from its existing time limit of nine months to twelve months from the end of the relevant tax year.**

Further**, a fee is also proposed under section 428(b), for revised returns which are filed beyond nine months from the end of relevant tax year**.

6. These amendments will take effect **from 1st day of April 2026 for tax year 2026-27 and subsequent years.**

7. Further, **section 263 corresponds to section 139 of the Income-tax Act, 1961.**

Therefore, **similar amendments are also proposed in section 139(5) of the Income-tax Act, 1961.**

Further, a **fee is also proposed under section 234I.**

It is proposed that **these amendments shall come into force from the 1st day of March 2026 in Income-tax Act 1961 and shall be applicable for Assessment year 2026-27 (previous year 2025-26).**

[Clause 5, 12, 57, 83]

Amendment of section 263(5).

57. In section 263 of the Income-tax Act, -

(b**) for sub-section (5), the following sub-section shall be substituted, namely**:—

- **"263(5)** If any person, having furnished a return under sub-section (1) or (4),
- discovers any omission or any wrong statement therein,
- **he may, subject to the provisions of section 428(b),**
- furnish a revised return at any time
- **within twelve months from the end of the relevant tax yea**r, or
- before the completion of the assessment,
- whichever is earlier.";

Fee for default in furnishing return of income, audited accounts and reports.

428. *Without prejudice to the provisions of this Act, where any person–*

(a) required to furnish a return of income under section 263, fails to do so within the due date, as specified under sub-section (1) of the said section, he shall be liable to pay by way of fee,—

(i) a sum of ₹ 1000, if the total income of such person does not exceed ₹ 500000; and

(ii) a sum of ₹ 5000, in any other case;

(b) furnishes a return of income under section 263(5) beyond nine months from the end of relevant tax year, he shall be liable to pay by way of fee,—

(i) a sum of ₹ 1000, if the total income of such person does not exceed ₹ 500000; and

(ii) a sum of ₹ 5000, in any other case;

Amendment of section 139 in IT Act 1961

5. In section 139 of the Income-tax Act, ***with effect from the 1st day of March, 2026****,-*

(b) for sub-section (5), the following sub-section shall be substituted and shall be deemed to have been substituted, namely:-

"(5) If any person, having furnished a return under sub-section (1) or sub-section (4), discovers any omission or any wrong statement therein, he may, ***subject to the provisions of section 234-I,*** *furnish a revised return at any time before the end of the relevant assessment year or before the completion of the assessment, whichever is earlier.";*

Insertion of new section 234-I.

12. After section 234H of the Income-tax Act, the following section shall be inserted and shall be deemed to have been inserted, ***with effect from the 1st day of March, 2026****, namely:–*

Fee for furnishing revised return of income.

"234-I. Without prejudice to the provisions of this Act, where any ***person furnishes a return*** *of income under* ***sub-section (5) of section 139, beyond nine months but before twelve months from the end of the relevant assessment year, he shall pay by way of a fee,–***

(a) ***a sum of one thousand rupees, if the total income of such person does not exceed five lakh rupees;***

(b) a sum of five thousand rupees, in any other case.".

RELATED FAQ's

VII. Rationalisation of period of filing revised return

Q.1 What does Section 263 of the Income-tax Act, 2025 deal with?

Ans: Section 263 of the Income-tax Act, 2025 provides for the furnishing of return of income by a person whose total income exceeds the basic exemption limit or who is otherwise required to file a return under the of the Income-tax Act, 2025.

Q.2 Who is required to file a return under Section 263 of the Income-tax Act, 2025?

Ans: Any person (individual, company, firm, etc.) whose income exceeds the prescribed limit or who satisfies specified conditions must file a return.

Q.3 What happens if return is not filed under Section 263 of the Income-tax Act, 2025?

Ans: Failure to file the return may attract fee, interest, penalty, and prosecution, as provided under other sections of the Act.

Q.4 What is a revised return under Section 263 of the Income-tax Act, 2025?

Ans: A revised return is a return furnished to correct any omission or wrong statement in a previously filed return (original or belated) for a tax year.

Q.5 Presently, when can a revised return be filed?

Ans: It can be filed any time within nine months from the end of the relevant tax year or before the completion of the assessment, whichever is earlier.

Q.6 What are the proposed changes in revised return in Finance Act, 2026?

Ans: <u>As per the proposed changes the revised return can be filed any time within twelve months (instead of nine months at present) from the end of the relevant tax year or before the completion of the assessment, whichever is earlier.</u>

Q.7 What are the proposed changes as regards to fee in respect of revised ITR?

Ans: <u>A fee is proposed in section 234I of Income tax Act, 1961 and corresponding fee in section 428(b) of Income-tax Act, 2025 for revised return filed beyond nine months from end of relevant tax year.</u>

Q.8 What is the income threshold of determination of fee – is it total income or incremental income in the revised return?

Ans: Fee is imposed on the total income that has been filed during revised return.

If the total income filed in the revised return exceeds 5 lakh rupees and revised return is filed after 9 month from end of tax year then fee shall be Rs 5000 and if the total income is less than 5 lakh rupees then fee shall be Rs 1000.

Updated Return

263(6)(a) *(Akin to section 139(8A)of the Income tax Act,1961)*

- Any person, **whether or not he has furnished a return**
- **under sub-section (1) or (4) or (5)** for a tax year,
- may **furnish an updated return** of his income or
- the income of any other person in respect of which he is assessable under this Act,
- **at any time within forty-eight months**
- **from the end of the financial year succeeding the relevant tax year**;

Old section 139(8A)

Any person, whether or not he has furnished a return under sub-section (1) or sub-section (4) or sub-section (5), for an assessment year (herein referred to as the relevant assessment year), may furnish an updated return of his income or the income of any other person in respect of which he is assessable under this Act, for the previous year relevant to such assessment year, in the prescribed form, verified in such manner and setting forth such particulars as may be prescribed, ***at any time within [forty-eight] months from the end of the relevant assessment year:***

263(6)(b) *(Akin to 6th proviso of section 139(8A) of the Income tax Act,1961)*

- the **provisions of clause (a) shall continue to apply** for a tax year
- if any **person has sustained a loss** in the said tax year and
- has **furnished a return of loss within the due date** specified under sub-section (1) and
- the **updated return is a return of income;**

Amendment of section 263.

57. In section 263 of the Income-tax Act, -

(c) in sub-section (6),-

(i) for clause (b), the following clause shall be substituted, namely:—

263(6)(b)

(i) the provisions of clause (a) shall ***continue to apply for a tax year*** *if any person has* ***sustained a loss in the said tax year*** *and has* ***furnished a return of loss within the due date*** *specified under sub-section (1) and the* ***updated return is a return of income or such updated return has the effect of reducing the loss;***

(ii) ***the provisions of clause (a) shall also apply where an updated return is furnished by a person for the relevant tax year in pursuance of a notice issued under section 280 within such period as specified in the said notice and in such a case, the assessee shall be precluded from filing return in pursuance of the said notice in any other manner;";***

MEMORANDUM TO FINANCE BILL 2026

Scope of filing of updated return in the case of reduction of losses - reg.

Section 263 of the Income Tax Act, 2025 ("the Act") provides for filing of Income Tax Return by taxpayers.

The said section deals with the comprehensive framework that lays down class of persons who are required to file a return, the due dates, and the different types of returns that may be furnished.

It covers the original return, belated return, revised return and the updated return.

2. Further, **section 263(6) of the Act deals with the updated return of Income.**

It allows a taxpayer, whether or not a return was furnished earlier, to file an updated return within 48 months from the end of the financial year succeeding the relevant tax year.

The said section further imposes certain restrictions on updating the return of Income. E.g. updated return cannot be a return of loss, cannot reduce tax liability, and cannot increase a refund.

Filing an updated return requires payment of additional income-tax, as prescribed, and it is not permitted in cases where assessment, reassessment, search, survey, or prosecution proceedings are pending or completed.

3. Furthermore**, section 263(6)(b) provides that taxpayer may file the updated return in such cases where original return filed under section 263(1) of the Act is a return of loss and updated return being filed thereafter, is a return of income.**

However, **section 263(6)(c)(i) of the Act had created a restriction that updated return cannot be furnished in such cases where updated return is a return of loss for the said tax year.**

4. In this regard, **suggestions were received from the stakeholders that updated return may also be allowed in such cases where taxpayer is reducing the amount of loss in comparison to the amount of loss claimed in the return of loss furnished within the due date specified under sub-section (1).**

5. In view of the above, **it is proposed to amend section 263(6) of the Act, so as to allow filing of updated return in such cases where taxpayer reduces the amount of loss in comparison to the amount of loss claimed in the return of loss furnished within the due date specified under sub-section (1).**

MEMORANDUM TO FINANCE BILL 2026

6. **It is further proposed that the above amendments in the Income-tax Act, 2025 shall come into force from the 1st day of April, 2026.**

7. It is further proposed that similar amendment shall be made in the Income-tax Act, 1961 to align with the proposed amendments in the Income-tax Act, 2025.

8. It is also proposed that amendment in the Income-tax Act, 1961 shall come into force from 1st day of March, 2026.

[Clause 5, 57]

FM Budget Speech

114. *As an additional measure for reducing litigation, I propose to allow taxpayers to update their returns even after reassessment proceedings have been initiated, at an additional 10 percent tax rate over and above the rate applicable for the relevant year. The assessing officer will then use only this updated return in his proceedings.*

MEMORANDUM TO FINANCE BILL 2026

Allowing the filing of updated return after issuance of notice of reassessment:

1. Section 263 of the Income Tax Act, 2025 ("the Act") makes the provisions for filing of Income Tax Return by taxpayers.

The said section deals with the comprehensive framework that lays down class of persons who are required to file a return, the due dates and the different types of returns that may be furnished. It covers the original return, belated return, revised return and the updated return.

2. Further, section 263(6) of the Act deals with the updated return of Income.

It allows a taxpayer, regardless of whether the original return is filed, to file an updated return within 48 months from the end of the financial year succeeding the relevant tax year.

This provision is meant to promote voluntary compliance on the part of taxpayer to offer the income for taxation.

The said section further imposes certain restrictions on updating the return of Income. i.e. updated return cannot be a return of loss, cannot reduce tax liability and cannot increase a refund. Filing an updated return requires payment of additional income-tax, as prescribed and it is not permitted in cases where assessment, reassessment, search, survey, or prosecution proceedings are pending or completed.

MEMORANDUM TO FINANCE BILL 2026

3. Furthermore, **Section 263(6)(c)(v) of the Act prohibits the filing of updated return in such cases where any proceedings for assessment or reassessment or recomputation or revision of income is pending or has been completed for the said tax year.**

Accordingly, **filing of update return was not allowed in such cases where proceedings of reassessment has been initiated.**

4. Section 267(5) of the Act provides that additional income-tax amounting to 25%, 50%, 60% and 70% of the aggregate of tax and interest payable, shall be paid along with original tax and interest payable, for filing the updated return in first, second, third and fourth year, respectively from the end of the financial year succeeding the relevant tax year.

MEMORANDUM TO FINANCE BILL 2026

5. In this regard, it is considered that **updated return may also be allowed in such cases where proceedings of reassessment have been initiated and notice of reassessment has been issued under section 280 of the Act as the same would reduce litigation**.

6. In this regard, **it is proposed to amend section 263 of the Act, so that an updated return may be furnished by a person for the relevant tax year in pursuance of a notice under section 280 within such period as specified in the said notice and in such a case assessee shall be precluded from filing return of income in pursuance of notice under section 280 in any other manner.**

MEMORANDUM TO FINANCE BILL 2026

7. It is **further proposed to amend the section 267 of the Act** so as to prescribe that where an **updated return is filed in pursuance of a notice issued under section 280 within the period specified in the said notice, the additional income-tax payable shall be increased by a further sum of 10% of the aggregate of tax and interest payable** on account of furnishing the updated return.

It is further proposed that where additional income-tax is paid as per proposed additional income-tax, the income on which **such additional income-tax is paid shall not form the basis of imposition of penalty under section 439.**

8. It is proposed that the above amendments shall come into force from the 1st day of April, 2026 and shall be applicable for the tax year 2026-27 and subsequent tax years.

MEMORANDUM TO FINANCE BILL 2026

9. It is **also proposed that similar amendment shall be made in the Income-tax Act, 1961 to align with the proposed amendments in the Income-tax Act, 2025**.

This amendment in the Income-tax Act, 1961 is made so that an updated return may be furnished by a person for the relevant assessment year in pursuance of a notice under section 148 within such period as specified in the said notice, and in such a case assessee shall be precluded from filing return of income in pursuance of notice under section 180 in any other manner.

10. It is further proposed that amendment in the Income-tax Act, 1961 shall come into force retrospectively from 1st day of March, 2026.

[Clause 5, 57]

RELATED FAQ's

XIX. Updated Return

Q.1 What is an "Updated Return" under the Income-tax Act, 2025?

Ans: Section 263(6) of the Income-tax Act, 2025 provides for furnishing of an updated return of income.

An updated return is a return that may be furnished by a person, whether or not a Original, revised, or belated return has been earlier furnished, to voluntarily disclose any income that was not reported or was inaccurately reported before, as long as certain conditions specified in the Income-tax Act, 2025 are met.

Q.2 Who can furnish an Updated Return and within what time limit?

Ans: Any person may furnish an updated return of income or income of any other person for whom he is assessable, within forty-eight months from the end of the financial year succeeding the relevant tax year, as provided under section 263(6)(a) of the Income-tax Act, 2025.

Such return may be furnished even if no original, belated or revised return was filed earlier, subject to the exclusions specified in section 263 of the Income-tax Act, 2025.

Q.3 What additional tax is payable while furnishing an Updated Return?

Ans: In addition to tax and interest payable under the Act, an assessee furnishing an updated return is required to pay additional income-tax on additional income disclosed in the updated ITR when compared with the corresponding income in original, revised or belated ITR at the following rates:

- 25% of aggregate tax and interest, if the updated return is furnished after the due date of filing the revised ITR and within 12 months of the end of the financial year following the corresponding tax year;
- 50%, if furnished after 12 months but before 24 months of the period indicated above;
- 60%, if furnished after 24 months but before 36 months of the period indicated above;
- 70%, if furnished after 36 months but before 48 months of the period indicated above,

Q.4 What are the provisions relating to updation of income in respect of the updated return?

Ans: Section 263(6)(b) of the Income-tax Act, 2025 provides that taxpayers may file the updated return in such cases where original return filed under section 263(1) of the Income-tax Act, 2025 shows a loss, and updated return being filed thereafter, shows income.

However, section 263(6)(c)(i) of the Income-tax Act, 2025 restricts filing of updated return when the updated return is a return of loss for the said tax year.

Therefore, **presently the updated ITR cannot be filed if the earlier ITR is a return of loss and the loss is proposed to be reduced through filing of updated ITR.**

Q.5 What are the proposed changes in the budget, 2026 in respect of the scope of filing of the updated return?

Ans: An amendment is proposed in Section 263 of the Income-tax Act, 2025 to allow taxpayers to file an updated return in cases where they reduce the amount of loss compared to the loss claimed in the original return filed by the specified due date.

Q.6 What are the proposed changes in the budget, 2026 for filing the updated return in response of notice of reassessment issued under section 280 of the Income-tax Act, 2025?

Ans: Section 263(6)(c)(v) of the Income-tax Act, 2025 prohibits filing of an updated return in cases where any proceedings for assessment, reassessment, recomputation, or revision of income are pending or have been completed for the tax year in question.

In this regard, **amendment is proposed so as to allow filing of an updated return also in such cases where reassessment proceeding have been initiated for the relevant tax year in pursuance of a notice issued under section 280 of the Income-tax Act, 2025.**

Such updated return is required to be filed within such period as specified in the said notice.

Consequent to filing such return, no penalty shall be imposed in respect of income reported in such updated ITR.

Q.7 What is the additional amount to be paid in the case of updated return filed in response of notice issued under section 280 of the Income-tax Act, 2025?

Ans: Where an updated return is filed in pursuance of a notice issued under section 280, the additional income-tax payable shall be increased by a further sum of 10% of the aggregate of tax and interest payable. i.e. total additional income-tax shall be:

- **35% (25% + 10%) of aggregate of tax and interest, if the updated return is furnished within 12 months;**
- **60% (50% + 10%) if furnished after 12 months but before 24 months;**
- **70% (60% + 10%) if furnished after 24 months but before 36 months;**
- **80% (70% + 10%) if furnished after 36 months but before 48 months,**

from the end of the financial year succeeding the relevant tax year.

Q.8 Whether reassessment proceedings be abated upon filing of an updated return?

Ans: No. **The reassessment proceedings will not be abated upon filing of updated return**.

However, no penalty of under-reporting or misreporting of income will be imposed on such income which have been disclosed in the updated return filed in response of notice issued under section 280 of the Income-tax Act, 2025.

Q.9 When can someone file the updated return for reducing the loss and updated return in response of notice of reassessment issued under section 280 of the Income-tax Act, 2025?

Ans: The updated return in these cases may be filed after the enactment of the Finance Act, 2026.

Q.10 Will there be a requirement to make any payment or any fee?

Ans: There is no fee prescribed for filing of update return.

Thus, no additional fee is required to be made for filing of updated return in the case of expanded scope.

263(6)(c) *(Akin to 3rd to 5th proviso of section 139(8A) of the Income tax Act,1961)*
the **provisions of clause (a) shall not apply for a tax year** for any person, if—
(i) the **updated return** is a **return of loss** for the said tax year; or

(A) in sub-clause (i), after the words "tax year", the words, brackets, figures and letter "***except in a case referred to in sub-section (6) (b) (i)"*** shall be inserted;

(ii) the **updated return** has the **effect of decreasing the total tax liability determined** on the basis of **return furnished under sub-section (1) or (4) or (5)** for the said tax year; or

(iii) the **updated return results in refund** where **no refund was due or increases the refund due on the basis of return furnished under sub-section (1) or (4) or (5)** for the said tax year; or

(iv) an **updated return has already been furnished** for the said tax year; or

(v) any **proceeding** for **assessment or reassessment or recomputation or revision of income** under this Act is **pending or has been completed** for the said tax year; or

(B) in sub-clause (v), after the words "tax year" the words, brackets, figures and letter ***"except in a case referred to in sub-section (6) (b) (ii)"*** shall be inserted;

(vi) the **Assessing Officer** is in the **possession of information** in respect of such person for the said tax year regarding **violation of specified laws (defined in 263(9)(d))** and the **same has been communicated to him prior to the date of furnishing of updated return**; or

(vii) **information** for the said tax year has been received under an **agreement** referred to in **section 90 or 90A of Income-tax Act, 1961 or section 159 of this Act** in respect of such person and the **same has been communicated to him, prior to the date of furnishing of updated return;** or

(viii) any **prosecution proceedings under the Chapter XXII** have been initiated for the said tax year in respect of such person, prior to the date of furnishing of updated return; or

(ix) **thirty-six months have expired from the end of the financial year succeeding the relevant tax year and any notice to show-cause under section 281** (old section 148A) **has been issued in his case, except where an order has been passed under section 281(3)** (old section 148A(3)) **determining that it is not a fit case to issue notice under section 280** (old section 148)**; or**

(x) he is **such person or belongs to such class of persons, as may be notified by the Board** in this regard;

263(6)(d) *(Akin to 2nd proviso of section 139(8A) of the Income tax Act,1961)*
a person shall also not be eligible to furnish an updated return of income, where-

(i) a **search has been initiated under section 247** or **books of account or other documents or any assets are requisitioned under section 248** in the case of that person; or

(ii) a **survey** has been conducted **under section 253, other than sub-section (4) of the said section,** in the case of that person; or

(iii) a **notice has been issued under section 294 in pursuance to the provisions of section 295, to that person,** for the **tax year in which such search is initiated or survey is conducted or requisition is made** and any tax year preceding such tax year;

Notes

Section 247 - Search and seizure (Old section 132)

Section 248 - Powers to requisition. (Old Section 132A)

Section 253 – Power of Survey. (Old Section 133A)

Section 253(4) – *For the purposes of verifying that tax has been deducted or collected at source as per the provisions of Chapter XIX-B of this Act, after sunrise and before sunset*

Chapter XIX-B - B. - Deduction and collection at source

Section 294 - Procedure for block assessment. (Old Section 158BC)

Section 295 - Undisclosed income of any other person. (Old Section 158BD)

263(6)(e) *(Akin to 7th proviso of section 139(8A) of the Income tax Act,1961)*

- if a person has **furnished a return of income under clause (a)** for a tax year,
- and as a result the **loss or any part thereof carried forward** under **Chapter VII** or
- **unabsorbed depreciation carried forward** under **section 33(3)(b)** or
- **tax credit carried forward** under **sections 206(1)(m) to (p) and 206(2)(e) to (h)**
- is **to be reduced for any subsequent tax year,** then,
- an **updated return shall be furnished for each such subsequent tax year.**

Amendment of section 263(6)(e).

in clause (e), for the figures, brackets, letters and words "206(1)(m) to (p) and 206(2)(e) to (h)", the figures, brackets, letters and words "***206(2)(e) to (h) and 206(3) and (4)"*** **shall be substituted.**

Notes

Chapter VII - set off, or carry forward and set off of losses - (New section 108-121) (old section 70 to 80)

Section 33(3)(b) Depreciation (Old section 32)

33(3)(b) when any building, machinery, plant or furniture is partly, or not wholly and exclusively, used for the purposes of the business or profession, the deduction under clause (a) shall be restricted to the fair proportionate part thereof as determined by the Assessing Officer, having regard to the usage of such building, machinery, plant or furniture for the purposes of the business or profession;

Sections 206(1)(m) to (p) and 206(2)(e) to (h) - (Old provision MAT / AMT)

206(2)(e) to (h) and 206(3) and (4) (AMT / MAT)

Defective Return

263(7) *(Akin to section 139(9)of the Income tax Act,1961)*

A **return of income** furnished under this section, shall be **treated as defective** if it is not in conformity **with all the conditions as may be prescribed** and shall be dealt with in the following manner:-

(a) where the **Assessing Officer** considers that the **return of income** furnished by the assessee is **defective,** he may **intimate the defect** to the assessee and give him an **opportunity to rectify the defect within fifteen days from the date of such intimation or within a further period** as may be allowed on an application made by the assessee in this behalf;

(b) if the **defect is not rectified within the period allowed** under clause (a), then the **return shall be treated as an invalid return** and the provisions of this Act shall apply as if the assessee had failed to furnish the return;

(c) where the assessee **rectifies the defect after the expiry of the period allowed** under clause (a), but before the assessment is made, the Assessing Officer **may condone the delay and treat the return as a valid return.**

IT Rules 2026

Conditions for treating a return as defective return under section 263(7).

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(1) A **return of income** shall be regarded as **defective**, if **any** of the following **conditions is satisfied**:-

(a) **all fields, parts, schedules, statements, and columns in the return of income**, as **applicable** to the case of the assessee, have **not been duly filled in**, **including** those **relating to computation of income** chargeable under applicable heads of income, computation of gross total income and total income; or

(b) the **report of the audit**, in auditable cases, **referred to in section 63**, has **not been furnished prior to the filing of the return of income**; or

(c) if the **return of income is furnished under section 263(6)**, the **details of payment of tax as per section 267 are not duly filled in the return**; or

(d) the **brought forward credit of minimum alternate tax (MAT) or alternate minimum tax (AMT)** claimed in the return is **not in accordance with the carry forward of MAT or AMT in the latest return**, as the case may be, allowed to the assessee.

(2) The Board may notify, the class or classes of persons, to which any of the conditions specified in clauses (a) to (d) of sub-rule (1), shall not apply or shall apply with such modifications, as may be specified in such notification.

263(8) *(Akin to section 139(9A)of the Income tax Act,1961)*

(a) The provisions of this section **shall also apply to a return of income** which is furnished in pursuance of an **order passed under section 239(3)(b);**

(b) the provisions of this section **shall not apply to a specified senior citizen, as referred to in section 402(39)**, for the relevant tax year **in which tax has been deducted at source under section 393(1) [Table: Sl. No. 8 (iii)].**

Notes

Section 239(3)(b); (old section 119(2)(b))

Section 393(1) - Tax to be deducted at source.

Section 402(39)

Interpretation.

402. For the purposes of this Chapter, -

(39) "**specified senior citizen**" means an **individual**, being a **resident in India** -

(a) who is of the **age of seventy-five years or more** at any time during the tax year;

(b) who is having **pension income and no other income** except the **interest received** or receivable from any account maintained by such individual in the **same specified bank** in which he is **receiving his pension income**; and

(c) has **furnished a declaration to the specified bank** containing particulars, in such form and verified in such manner as may be prescribed;

263(9) *(Akin to explanation 4 and 5 of section 139(8A) of the Income tax Act,1961)*
For the purposes of this section,-

(a) "**beneficial owner**", in respect of an **asset means** an **individual** who has **provided**, **directly or indirectly, consideration for the asset** for the **immediate or future benefit**, **direct or indirect**, of himself or any other person;

(b) "**beneficiary**", in respect of an **asset means** an **individual** who **derives benefit from the asset during the tax year** and the **consideration for such asset** has been provided **by any person other than such beneficiary;**

(c) "**specified entity**" means -

(i) **research association** referred to in Schedule III (Table: Sl.No. 23);

(ii) **association or institution** referred to in Schedule III (Table: Sl. No. 24);

(iii) **person** referred to in **Schedule VII (Table: Sl. No. 2);**

(iv) **institution** referred to in Schedule III (Table: Sl. No. 25);

(v) any **University or other educational institution or any hospital or other medical institution** referred to in Schedule VII (Table: Sl. Nos. 17, 18 and 19);

(vi) **Mutual Fund** referred to in Schedule VII (Table: Sl. Nos. 20 and 21);

(vii) **securitisation trust** referred to in Schedule III (Table:Sl.No. 26);

(viii) **Investor Protection Fund** referred to in Schedule III (Table: Sl. Nos. 28 and 29);

(ix) **Core Settlement Guarantee Fund** referred to in Schedule III (Table: Sl. No. 30);

Notes

Schedule VII (Table: Sl. No. 2) Persons Exempt from Tax –

2. Any fund established for such purposes as may be notified by the Board for the welfare of employees or their dependants and such employees are members of such fund.

(x) **venture capital company or venture capital fund** referred to in Schedule V (Table: Sl. No. 6);

(xi) **trade union or association** referred to in Schedule III (Table: Sl. No. 31);

(xii) **Board or Authority** referred to in Schedule VII (Table: Sl. Nos. 33 and 40);

(xiii) **Body or Authority or Board or Trust or Commission** (by whatever name called) referred to in Schedule III (Table: Sl. No. 36);

(xiv) **infrastructure debt fund** referred to in Schedule VII (Table: Sl. No. 46);

(d) "**specified laws**" shall refer to the **Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976, or the Prohibition of Benami Property Transactions Act, 1988, or the Prevention of Money-laundering Act, 2002, or the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.**

Scheme for submission of returns through tax return preparers.

264(1) *(Akin to section 139B(1) of the Income tax Act,1961)*

The **Board** may make a **Scheme** for furnishing returns of income through a **tax return preparer** and such **Scheme shall be notified**, which -

(a) may enable any **specified class or classes of persons in preparing and furnishing returns of income through a tax return preparer** authorised to act as such under the Scheme;

(b) may be made **irrespective of provisions of section 263.**

264(2) *(Akin to section 139B(3) of the Income tax Act,1961)*

For the purpose of this section, -

(a) **"tax return preparer" means any individual,**

- **not being a person referred to in section 515(3)(a)(ii) or an employee of the "specified class or classes of persons",**
- who has been authorised to act as a tax return preparer under the Scheme made under this section;

Notes

515(3) For the purposes of this section, -

(a) "authorised representative" means a person authorised by the assessee, in writing, to appear on his behalf, being -

(ii) any officer of a scheduled bank with which the assessee maintains a current account or has other regular dealings; or

(b) "**specified class or classes of persons**" means

- **any person, other than a company or**
- **a person, whose accounts** are **required to be audited**
- **under section 63 or under any other law**,
- **who is required to furnish a return of income under this Act.**

264(3)

Every notification for the Scheme referred to in **sub-section (1)** shall be issued as per **section 534 of this Act.**

Return by whom to be verified

265 *(Akin to section 140 of the Income tax Act,1961)*

The **return of income under section 263** required to be furnished by the person specified in column B of the Table below shall be verified by the person specified in corresponding entry in column C of the said Table:

Sl. No.	**Person furnishing return of income**	**To be verified**
A	B	C
1.	An individual.	(i) By the individual himself; (ii) where the individual is mentally incapacitated from attending to his affairs, by his guardian or any other person competent to act on his behalf; (iii)where, for any other reason, it is not possible for the individual to verify the return, by any person duly authorised by him through a valid power of attorney.
2.	A Hindu undivided family.	(i) By the karta; (ii) where the karta is absent from India or is mentally incapacitated from attending to his affairs, by any other adult member of such family.

Sl. No.	Person furnishing return of income	To be verified
A	B	C
3.	A company in cases other than those mentioned at serial numbers 4, 5, 6 and 7.	(i) By the managing director of the company; (ii) where there is no managing director, or the managing director is not able to verify the return due to any unavoidable reason, by any director of the company orany other person as may be prescribed for verifying the return.
4.	A company not being resident in India.	By any person holding a valid power of attorney from the company to do so.
5.	A company which is being wound up by orders of the Court or otherwise, or where any person has been appointed as receiver of any assets of the company.	By the liquidator as referred to in section 322(1).

Sl. No.	Person furnishing return of income	To be verified
A	B	C
6.	A company whose management has been taken over by the Central Government or any State Government under any law.	By the principal officer of the company.
7.	A company, for which application seeking corporate insolvency resolution process has been admitted by the Adjudicating Authority under section 7 or 9 or 10 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016).	By the insolvency professional appointed by such Adjudicating Authority, where- "Insolvency professional" and "Adjudicating Authority" shall have the same meanings as assigned to them respectively in sections 3(19) and 5(1) of the Insolvency and Bankruptcy Code, 2016 (31 of 2016).
8.	A firm.	(i) By the managing partner of the firm; (ii) where the managing partner is not able to verify the return due to any unavoidable reason, or there is no managing partner as such, by any partner of the firm, not being a minor.

Sl. No.	Person furnishing return of income	To be verified
A	B	C
9.	A limited liability partnership	(i) By the designated partner of the limited liability partnership; (ii) where the designated partner of the limited liability partnership is not able to verify the return due to any unavoidable reason, or where there is no designated partner, by any partner of the limited liability partnership or any other person as may be prescribed for verifying the return.
10.	A local authority	By the principal officer of the local authority.
11.	A political party as referred to in section 263(1)(a)(iii)	By the chief executive officer of such political party (whether the chief executive officer is known as secretary or by any other designation).
12.	Any other association	(i) By any member of the association; or (ii) by the principal officer of the association.
13.	Any other person	(i) By the person himself; or (ii) by any person competent to act on his behalf.

Self-assessment.

266(1) *(Akin to section 140A(1) of the Income tax Act,1961)*

Where, **after taking into account the amounts referred to in sub-section (2)**,

any tax is payable on the basis of any **return required to be furnished under section 263 or 268 or 280 or 294**, then -

(a) the assessee shall be liable to pay **such tax together with interest and fee payable** under any provision of this Act for any **delay in furnishing the return or any default or delay in payment of advance tax,** before furnishing the return; and

(b) the return shall be accompanied by **proof of payment of tax, interest and fee**.

266(2) *(Akin to section 140A(1) of the Income tax Act,1961)*

The amounts referred to in sub-section (1) shall be, -

(a) the amount of **tax**, if any, **already paid under any provision of this Act;**

(b) any **tax deducted or collected at source;**

(c) any **relief of tax claimed under section 157** (old section 89(1));

(d) any **relief of tax or deduction of tax claimed under section 159(1) or 160 (old section 90 & 91)** on account of tax paid in a **country outside India**;

(e) any **relief of tax claimed under section 159(2) (old section 90A)** on account of tax paid in any specified territory outside India referred to in that section;

(f) any **tax credit claimed to be set off as per sections 206(1)(m) to (p) (old section 115JAA) and 206(2)(e) to (h) (old section 115JD)** ; and

(g) any **tax or interest payable** according to the provisions of **section 391(2) (old section 191).**

266(3) *(Akin to explanation of section 140A(1) of the Income tax Act,1961)*

- Where the amount paid by the assessee under sub-section (1)
- falls short of the aggregate of the tax, interest and fee as payable under the said sub-section,
- the amount so paid shall first be adjusted
- towards the fee payable and thereafter towards
- the interest payable and the balance, if any,
- shall be adjusted towards the tax payable.

266(4) *(Akin to section 140A(1A) of the Income tax Act,1961)*

- For the purposes of sub-section (1), interest payable under section 423 (old section 234A)
- shall be computed on the tax on the total income as declared in the
- return as reduced by the amount of, -

(a) advance tax, if any, paid;

(b) any tax deducted or collected at source;

(c) any relief of tax claimed under section 157;

(d) any relief of tax or deduction of tax claimed under section 159(1) or 160 on account of tax paid in a country outside India;

(e) any relief of tax claimed under section 159(2) on account of tax paid in any specified territory outside India referred to in that section; and

(f) any tax credit claimed to be set off as per the provisions of sections 206(1)(m) to (p) and 206(2)(e) to (h);

266(5) *(Akin to section 140A(1B) of the Income tax Act,1961)*

For the purposes of sub-section (1), interest payable under section 424 (old section 234B) shall be computed on an amount equal to the assessed tax or, as the case may be, on the amount by which the advance tax paid falls short of the assessed tax.

266(6) *(Akin to explanation of section 140A(1B) of the Income tax Act,1961)*

In sub-section (5), "assessed tax" means the tax on the total income as declared in the return as reduced by the amount of,—

(a) tax deducted or collected at source, as per the provisions of Chapter XIX-B, on any income which is subject to such deduction or collection and which is taken into account in computing such total income;

(b) any relief of tax claimed under section 157;

(c) any relief of tax or deduction of tax claimed under section 159(1) or section 160 on account of tax paid in a country outside India;

(d) any relief of tax claimed under section 159(2) on account of tax paid in any specified territory outside India referred to in that section; and

(e) any tax credit claimed to be set off as per the provisions of sections 206(1)(m) to (p) and 206(2)(e) to (h).

266(7) *(Akin to section 140A(2) of the Income tax Act,1961)*

After a regular assessment under section 270 (old section 143) or 271 (old section 144) or an assessment under section 294 (old section 158BC) has been made, any amount paid under sub-section (1) shall be deemed to have been paid towards such regular assessment or assessment.

266(8) *(Akin to section 140A(3) of the Income tax Act,1961)*

If any assessee fails to pay the whole or any part of such tax, interest or fee as per the provisions of sub-section (1), he shall be deemed to be an assessee in default in respect of the tax, interest or fee remaining unpaid and all the provisions of this Act shall apply accordingly.

266(9) *(Akin to section 140A(3) of the Income tax Act,1961)*

The provisions of sub-section (8) shall apply without prejudice to any other consequences which the assessee may incur.

Tax on updated return.

267(1) *(Akin to section 140B(1) of the Income tax Act,1961)*

- Where **no return of income under section 263(1) or (4)**
- **has been furnished** by an assessee and,
- **after taking into account the amounts referred to in sub-section (2),**
- **tax is payable** on the basis of return to be furnished
- by such assessee **under section 263(6),** then-

(a) the assessee shall be **liable to pay such tax together with interest and fee payable** under any of the provisions of this Act for any **delay in furnishing the return or any default or delay in payment of advance tax;**

(b) **such tax, interest and fee shall be payable along with the payment of additional income-tax** computed as per sub-section (5), **before furnishing the return**; and

(c) the return shall be **accompanied by proof of payment of such tax, additional income-tax, interest and fee.**

267(2) *(Akin to section 140B(1) of the Income tax Act,1961)*

The **amounts referred to in sub-section (1)** shall be,-

(a) the amount of tax, if any, already paid as **advance tax**;

(b) any **tax deducted or collected at source**;

(c) any **relief** of tax claimed under section **157;**

(d) any **relief of tax or deduction of tax claimed** under section **159(1) or 160** on account of tax paid in a country outside India;

(e) any **relief of tax claimed under section 159(2)** on account of tax paid in any specified territory outside India referred to in that section; and

(f) any **tax credit** claimed to be set off as per the provisions of sections **206(1)(m) to (p)** and **206(2)(e) to (h).**

Amendment of section 267(2)(f).

59. In section 267 of the Income-tax Act,-

(a) in sub-section (2), for clause (f), the following clause shall be substituted, namely:—

"(f) any tax credit claimed to be set off as per the provisions of sections 206(2)(e) to (h) and 206(3) and (4).";

267(3) *(Akin to section 140B(2) of the Income tax Act,1961)*

Where, return of income under section 263(1) or (4) or (5) (referred to as earlier return) has been furnished by an assessee and,

after taking into account the amounts referred to in sub-section (4) [as increased by the amount of refund, if any, issued in respect of such earlier return],

tax is payable on the basis of return to be furnished by such assessee under section 263(6) then -

(a) the assessee shall be liable to pay such tax together with interest payable under any provision of this Act for any default or delay in payment of advance tax;

(b) such tax, interest and fee shall be payable along with the payment of additional income-tax, as computed as per sub-section (5), as reduced by the amount of interest paid under the provisions of this Act in the earlier return, before furnishing the return; and

(c) the return shall be accompanied by proof of payment of such tax, additional income-tax, interest and fee.

267(4) *(Akin to section 140B(1) of the Income tax Act,1961)*

The amounts referred to in sub-section (3) shall be the following,—

(a) the amount of relief or tax referred to in section 266(1) (old section 140A), the credit for which has been taken in the earlier return;

(b) tax deducted or collected at source, as per the provisions of Chapter XIX-B, on any income which is subject to such deduction or collection and which is taken into account in computing total income and which has not been included in the earlier return;

(c) any relief of tax or deduction of tax claimed under section 159(1) or 160 on account of tax paid in a country outside India on such income which has not been included in the earlier return;

(d) any relief of tax claimed under section 159(2) on account of tax paid in any specified territory outside India referred to in that section on such income which has not been included in the earlier return; and

(e) any tax credit claimed, to be set off as per the provisions of sections 206(1)(m) to (p) and 206(2)(e) to (h).which has not been claimed in the earlier return.

Amendment of section 267.

59. In section 267 of the Income-tax Act,—

(b) in sub-section (4), for clause (e), the following clause shall be substituted, namely:—

"(e) any tax credit claimed, to be set off as per the provisions of sections 206(2)(e) to (h) and 206(3) and (4) which has not been claimed in the earlier return.";

267(5) *(Akin to section 140B(3) of the Income tax Act,1961)*

- For the purposes of sub-sections (1) and (3),
- the **additional income-tax payable**
- at the time of furnishing the return
- **under section 263(6) shall be equal to,-**

Amendment of section 267(5).

59. In section 267 of the Income-tax Act,–

(c) for sub-section (5), the following sub-section shall be substituted, namely: —

"(5)(i) For the purposes of sub-sections (1) and (3), the additional income-tax payable at the time of furnishing the return under section 263(6) shall be equal to, —

(a) ***25% of aggregate of tax and interest payable,***

- *as determined in sub-section (1) or (3),*
- *as the case may be,*
- *if* ***such return is furnished after expiry of the time available under section 263(4) or (5) and before completion of twelve months from the end of the financial year succeeding the relevant tax year; or***

140B(3)(i) twenty-five per cent of aggregate of tax and interest payable, as determined in sub-section (1) or sub-section (2), as the case may be, if such return is furnished after expiry of the time available under sub-section (4) or sub-section (5) of section 139 and before completion of the period of twelve months from the end of the relevant assessment year; or

(b) ***50% of aggregate of tax and interest payable,***

- *as determined in sub-section (1) or (3),*
- *as the case may be,*
- ***if such return is furnished after the expiry of twelve months***
- ***but before completion of twenty-four months***
- ***from the end of the financial year succeeding the relevant tax year; or***

140B(3)(ii) fifty per cent of aggregate of tax and interest payable, as determined in sub-section (1) or sub-section (2), as the case may be, if such return is furnished after the expiry of twelve months from the end of the relevant assessment year but before completion of the period of twenty-four months from the end of the relevant assessment year.

(c) ***60% of aggregate of tax and interest payable,***

- *as determined in sub-section (1) or (3),*
- *as the case may be,*
- ***if such return is furnished after the expiry of twenty-four months,***
- ***but before completion of thirty-six months,***
- ***from the end of the financial year succeeding the relevant tax year; or***

140B(3)(iii) sixty per cent of aggregate of tax and interest payable, as determined in sub-section (1) or sub-section (2), as the case may be, if such return is furnished after the expiry of twenty-four months from the end of the relevant assessment year but before completion of the period of thirty-six months from the end of the relevant assessment year; or

(d) ***70% of aggregate of tax and interest payable,***

- *as determined in sub-section (1) or (3),*
- *as the case may be,*
- ***if such return is furnished after the expiry of thirty-six months,***
- ***but before completion of forty-eight months,***
- ***from the end of the financial year succeeding the relevant tax year.***

140B(3)(iv) seventy per cent of aggregate of tax and interest payable, as determined in sub-section (1) or sub-section (2), as the case may be, if such return is furnished after the expiry of thirty-six months from the end of the relevant assessment year but before completion of the period of forty-eight months from the end of the relevant assessment year.

(ii) ***Where an updated return is filed***
in pursuance of a notice issued under section 280
within the period specified in the said notice,
the additional income-tax payable under sub-section (5)(i)
shall be increased by a further sum of 10%
of the aggregate of tax and interest payable,
as determined in sub-section (1) or (3), as the case may be.";

267(6) *(Akin to explanation of section 140B(3) of the Income tax Act,1961)*

- For the purposes of computation of
- "**additional income-tax**" under this section,
- **tax shall include surcharge and cess,**
- by whatever name called,
- on such tax.

267(7) *(Akin to section 140B(4) of the Income tax Act,1961)*

- Irrespective of anything contained in section 424(2),
- for the purposes of sub-section (3),
- interest payable under section 424
- shall be computed on an amount equal to the assessed tax where,
- "assessed tax" means the tax on the total income as
- declared in the return to be furnished under section 263(6),-

(a) after taking into account,-

(i) the amount of relief or tax referred to in section 266(1), the credit for which has been claimed in the earlier return, if any;

(ii) tax deducted or collected at source, as per the provisions of Chapter XIX-B, on any income which is subject to such deduction or collection and which is taken into account in computing such total income, which has not been included in the earlier return;

(iii) any relief of tax or deduction of tax claimed under section 159(1) or 160 on account of tax paid in a country outside India on such income which has not been included in the earlier return;

(iv) any relief of tax claimed under section 159(2) on account of tax paid in any specified territory outside India referred to in that section on such income which has not been included in the earlier return;

(v) any tax credit claimed, to be set off as per sections 206(1)(m) to (p) and 206(2)(e) to (h), which has not been claimed in the earlier return; and

(d) in sub-section (7), in clause (a), for sub-clause (v), the following sub-clause shall be substituted, namely:—

"(v) *any tax credit claimed, to be set off as per sections 206(2)(e) to (h) and 206(3) and (4), which has not been claimed in the earlier return*; and".

(b) as increased by refund, if any, issued in respect of such earlier return.

267(8) *(Akin to section 140B(5) of the Income tax Act,1961)*

If any difficulty arises in giving effect to the provisions of this section, the Board may, with the previous approval of the Central Government, by notification, issue guidelines for the purposes of removing the difficulty.

267(9) *(Akin to section 140B(6) of the Income tax Act,1961)*

- Every guideline issued by the Board under sub-section (8)
- shall be laid before each House of Parliament while it is in session
- for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if,
- before the expiry of the session immediately following the session or the successive sessions aforesaid,
- both houses agree in making any modification in such guideline or both Houses agree that the guideline, should not be issued,
- the guideline shall thereafter have effect only in such modified form or be of no effect, as the case may be;
- so, however, that any such modification or annulment
- shall be without prejudice to the validity of anything previously done under that guideline.

267(10) *(Akin to explanation of section 140B of the Income tax Act,1961)*

For the purposes of this section, -

(a) interest payable under section 423 (old section 234A), for the purposes of sub-section (1), shall be computed on the amount of tax on the total income as declared in the return under section 263(6), as per section 266(4);

(b) interest payable under section 425 (old section 234C), for the purposes of sub-section (3), shall be computed after taking into account the total income furnished in the return under section 263(6) as the returned income;

(c) interest payable, for the purposes of sub-section (5), shall be the interest chargeable under any provision of this Act, on the income as per return furnished under section 263(6), as reduced by interest paid, as per the earlier return, if any.

267(11) *(Akin to proviso and explanation of section 140B of the Income tax Act,1961)*

For the purposes of sub-section (10)(c), the interest paid in the earlier return shall be nil in case of an updated return referred to in sub-section (1).

कर सेतु

सरल कानून, सशक्त भारत

FAQs on Interplay and Transition from the Income Tax Act, 1961 to the Income Tax Act, 2025

A. OVERVIEW - RETURN FILING FRAMEWORK DURING TRANSITION

Q3.1 What are the key provisions relating to filing of return of income under the Income-tax Act, 2025?

Ans. The provisions relating to filing of return of income are contained in Section 263 of the Income-tax Act, 2025.

Section 263 contains the provisions for **original return (sub-section 1), belated return (sub-section 4), revised return (sub-section 5), and updated return (sub-section 6)** into one **unified section.**

The **fundamental structure** — **mandatory filing, due dates, categories of persons obligated to file** — remains the **same as that under the old Act.**

Q3.2 Is there any change in the obligation to file return of income under the new Act — i.e. which persons must mandatorily file a return?

Ans. **Section 263(1)** of the new Act prescribes the **categories of persons** who must **mandatorily file a return.**

These categories are broadly the same as that under the old Act.

Q3.3 What is the due date for filing return of income under the Income-tax Act, 2025?

Ans. Section 263(1) of the Income-tax Act, 2025 prescribes the due dates for filing the return of income.

The due dates are the same as under the old Act. Table for due dates as appearing in section 263(1)(c) [proposed as per Finance Bill, 2026] is as under:

Sl. No.	Person	Conditions	Due date
(A)	(B)	(C)	(D)
1	Assessee, including the partners of the firm or the spouse of such partner (if section 10 applies to such spouse).	Where the provisions of section 172 apply.	30th November
2	(i) Company; (ii) Assessee (other than a company) whose accounts are required to be audited under this Act or under any other law in force; (iii) partner of a firm whose accounts are required to be audited under this	Where the provisions of section 172 do not apply.	31st October

Sl. No.	Person	Conditions	Due date
	Act or under any other law in force; or the spouse of such partner (if section 10 applies to such spouse).		
3	(i) Assessee having income from profits and gains of business or profession whose accounts are not required to be audited under this Act or under any other law in force; (ii) partner of a firm whose accounts are not required to be audited under this Act or under any other law in force or the spouse of such partner (if section 10 applies to such spouse).	Where the provisions of section 172 do not apply.	31st August
4	Any other assessee.	—	31st July

Q3.4 Will taxpayers be required to file two returns (for AY 2026-27 as well as TY 2026-27) during the transition year (FY 2026-27)?

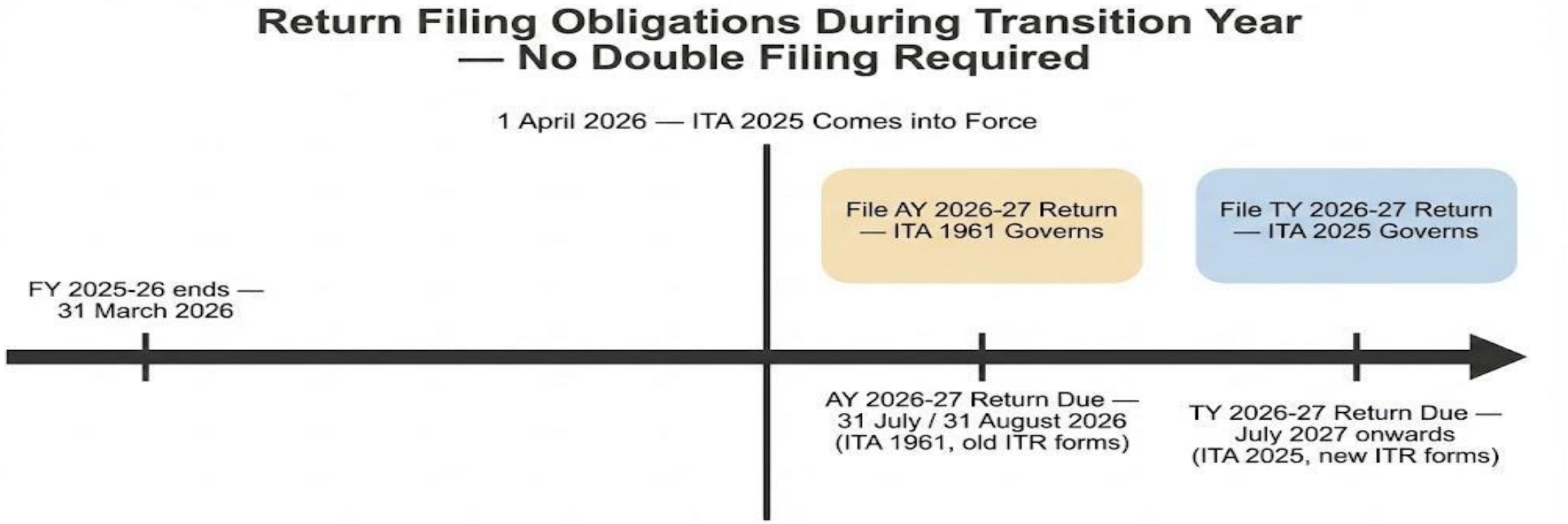
Ans. No. The obligation to file the return for the Tax Year 2026-27 will arise after the end of the Tax Year and it is similar to the framework existing in Income Tax Act, 1961.

The timelines for filing Income Tax returns during transition period (as proposed in Finance Bill, 2026) are tabulated as under:

Period of Income	Reference	Due date for filing of Income Tax Return
01 April 2025 – 31 March 2026	AY 2026-27	31 July 2026, 31 August, 2026 31 October 2026 or 30 November 2026; as the case may be
01 April 2026 – 31 March 2027	Tax Year 2026-27	31 July 2027, 31 August, 2027, 31 October 2027 or 30 November 2027; as the case may be

In simple words, the obligation to file the return for the Tax Year 2026-27 will arise after the end of the Tax Year.

The Income Tax Returns, Forms etc. for the Tax Year 2026-27 shall be notified by the Government well before the due dates.



Q3.5 Under which Act will the ITR for income earned during FY 2025-26 be filed?

Ans. The ITR for income earned during FY 2025-26 will be filed for Assessment Year 2026-27 under the provisions of the Income-tax Act, 1961.

Even though the filing will typically occur after 1st April, 2026 (i.e., after the new Act has come into force), the return relates to a tax year beginning before 1st April, 2026 and is therefore governed entirely by the old Act.

Q3.6 Which ITR form should be used for AY 2026-27?

Ans. For AY 2026-27, the ITR forms (ITR-1, ITR-2, ITR-3, ITR-4, ITR-5, ITR-6, ITR-7) applicable under the Income-tax Act, 1961 will soon be notified.

These forms will be available on the e-filing portal well before the due date.

Taxpayers should select AY 2026-27 while filing the ITR for income earned during FY 2025-26.

Q3.7 If a taxpayer discovers an error in the ITR filed for AY 2026-27 and wishes to file a revised return, which Act governs the revision?

Ans. The revised return for AY 2026-27 will be governed by the Income-tax Act, 1961.

Under Section 139(5) of the old Act, a revised return can be filed before the expiry of the relevant assessment year (i.e., before 31st March*, 2027 for AY 2026-27) or before completion of assessment, whichever is earlier.

The fact that the revision is being done after 01.04.2026 does not change the applicable Act.

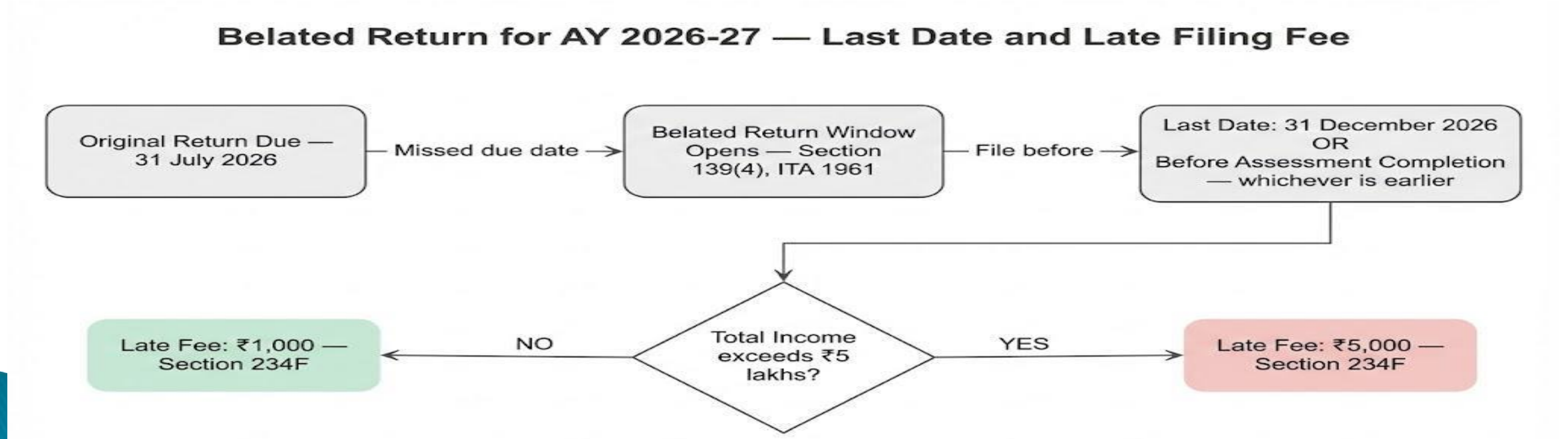
The old Act will continue to govern all filings relating to AY 2026-27 and earlier years.

(* as proposed in the Finance Bill, 2026)

Q3.8 What is the last date to file a belated return for AY 2026-27 under the old Act?

Ans. Pursuant to Section 139(4) of the Income-tax Act, 1961, a belated return for Assessment Year (AY) 2026–27 may be furnished on or before 31st December 2026, or prior to the completion of the assessment, whichever occurs earlier.

Further, in accordance with Section 234F of the Act, a fee for delayed filing shall be levied at ₹1,000 where the total income does not exceed ₹5,00,000, and ₹5,000 in all other cases.



Q3.9 Can a taxpayer file an updated return (ITR-U) for AY 2026-27 under the old Act after the new Act comes into force?

Ans. Yes. The updated return for AY 2026-27 under Section 139(8A) of the old Act can be filed within the time period prescribed therein, even after the new Act has come into force.

The old Act continues to govern all proceedings relating to tax years before 1st April, 2026.

Example:

Mr. X filed his original ITR for AY 2026-27 on 25th July, 2026. In January 2028, he discovers additional income that was not reported.

He can file an updated return (ITR-U) for AY 2026-27 under the old Act, subject to the time limits and additional tax requirements prescribed in Section 139(8A) of the old Act.

B. FILING OF ITR FOR EARLIER ASSESSMENT YEARS (AY 2025-26 AND BEFORE)

Q3.10 Can revised/belated/updated returns for AY 2025-26 or earlier years be filed on or after 1st April, 2026?

Ans. The time for filing revised or belated return for AY 2025-26 or an earlier assessment year will expire before 1st April, 2026.

Therefore, revised/belated return for AY 2025-26 or an earlier assessment year, cannot be filed after 1st April, 2026.

However, a taxpayer may still file his updated return (ITR-U), subject to the time limits prescribed under Section 139(8A) of the old Act.

Q3.11 Which ITR forms will be used for filing returns of earlier assessment years after 01.04.2026?

Ans. The ITR forms applicable under the old Act for the respective assessment year will continue to be used.

The e-filing portal will continue to support old forms for earlier assessment years even after the new Act comes into force.

C. FILING OF ITR FOR TAX YEAR 2026-27 (INCOME OF FY 2026-27 — UNDER NEW ACT)

Q3.12 When will the new ITR forms for Tax Year 2026-27 be available?

Ans. The new ITR forms under the Income-tax Rules, 2026 will be notified by the Government well before the due dates for filing returns for Tax Year 2026-27.

These ITR forms will be made available on the e-filing portal.

Q3.13 What are the time-limits for filing belated return, revised return and updated return in the Income Tax Act, 2025?

Ans: The time limits for filing belated return, revised return and updated return in the Income Tax Act, 2025 are tabulated as under:

Type of return	Applicable section of IT Act 2025	Time limit
Belated Return	Section 263(4)	Within 9 months from the end of the relevant tax year, or before completion of assessment, whichever is earlier
Revised Return	Section 263(5)	Within 12* months from the end of the relevant tax year, or before completion of assessment, whichever is earlier
Updated Return (ITR-U)	Section 263(6)	Within 48 months from the end of the financial year succeeding the relevant tax year

(* as proposed in the Finance Bill, 2026)

Q3.14 What are the key provisions regarding updated returns (ITR-U) under the new Act?

Ans. Section 263(6) of the Income-tax Act, 2025 provides for filing of updated returns. The key provisions are:

(i) An updated return may be filed within forty-eight months from the end of the financial year succeeding the relevant tax year;

(ii) It is available whether or not the person has furnished an original, belated, or revised return;

(iii) The updated return cannot result in a return of enhanced loss, or decrease in total tax liability, or increase in refund;

(iv) Only one updated return can be filed per tax year;

(v) Additional income-tax is payable under Section 267 at prescribed rates along with the updated return.

These provisions are substantively the same as under Section 139(8A) of the old Act.

D. RETURN FILING SUBSEQUENT TO SEARCH OPERATION

Q3.15 If a search is initiated on a person under section 132 of the old Act before the new Act came into effect but notice for filing return of income for the block-period is issued after 01.04.2026. Under which Act, the taxpayer is required to file the return of income?

Ans: All proceedings connected with such a search continue to be governed by the old Act as if the new Act had not been enacted. Therefore, the taxpayer is required to file his return of income for the block period as per the provisions of section 158BC of the Income Tax Act, 1961.

For example, if a search on a taxpayer is initiated in the month of January 2026, assessments and all other proceedings connected with the search will be under the provisions of the old Act.

Q3.16 If books of account, other documents or assets were requisitioned u/s 132A of the old Act, before the new Act comes into force, are the follow-up actions under the old Act or the new Act?

Ans: All proceedings connected with such requisition will be under the provisions of the old Act.

E. PRACTICAL SCENARIOS DURING PARALLEL OPERATION

Q3.17 Are AY 2026-27 and Tax Year 2026-27 the same?

Ans. These are two entirely separate compliance obligations:

(i**) For AY 2026-27 (income of FY 2025-26**):

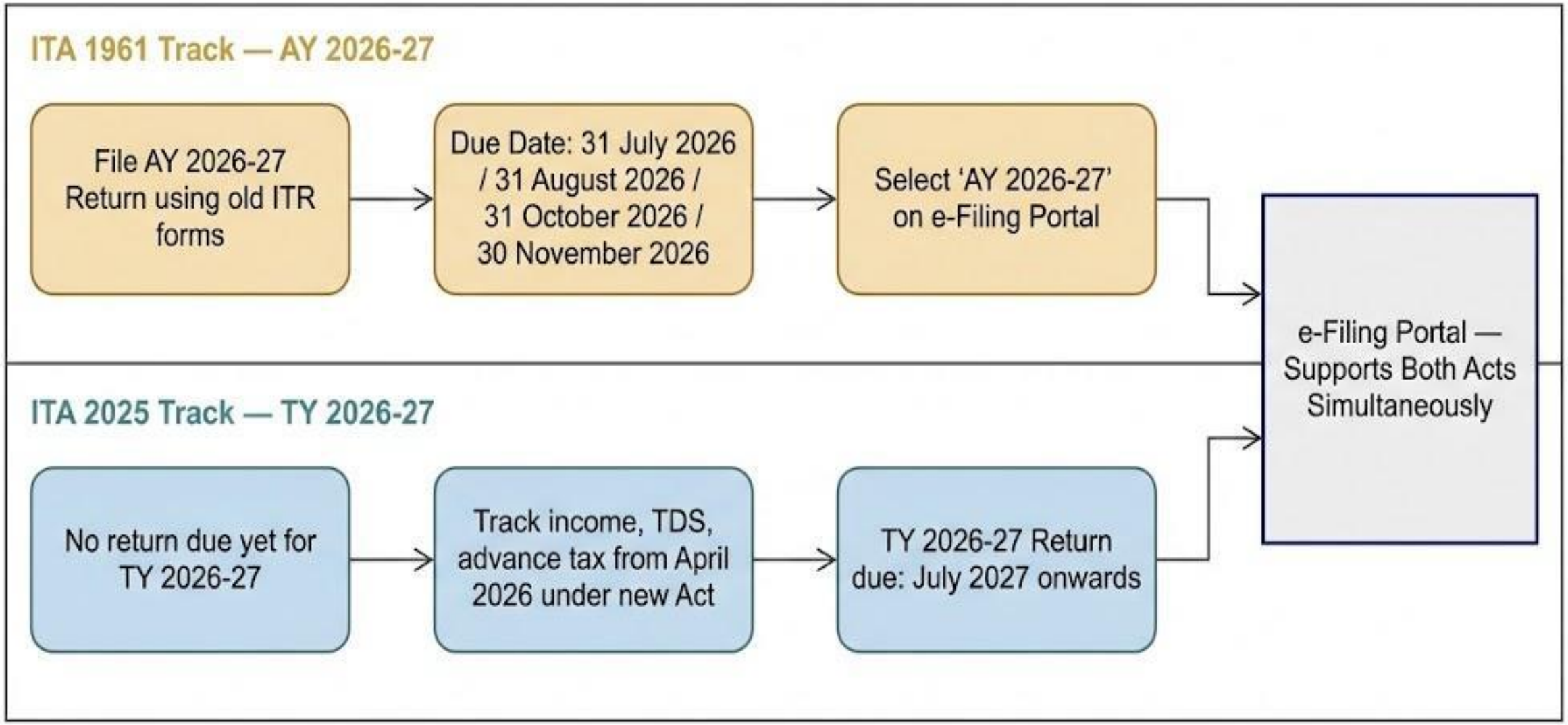
File the return using old ITR forms on the e-filing portal, selecting AY 2026-27. The due date is 31st July, 2026 or 31st August for non-audit cases, etc.

(ii) **For Tax Year 2026-27 (income of FY 2026-27**):

This return is not due until July 2027. However, the taxpayer should keep track of income, TDS, and advance tax payments under the new Act framework from April 2026 onwards.

The e-filing portal will support compliances under both the Acts simultaneously.

Managing Dual Compliance after 01.04.2026 — Taxpayer Action Guide



Q3.18 If the Income-tax Department sends a notice of defective return u/s 139(9) for AY 2026-27 after the new Act comes into force, which Act governs the response to such notice?

Ans. The response will be governed by the Income-tax Act, 1961. All proceedings relating to AY 2026-27 and earlier years continue under the old Act by virtue of Section 536(2)(c).

The defective return must be rectified under Section 139(9) of the old Act within the time allowed in the notice.

Q3.19 If a taxpayer has filed return for AY 2026-27 but receives a notice under Section 143(2) of the old Act for scrutiny assessment, will that scrutiny continue under the old Act even though the new Act is in force?

Ans. Yes. The scrutiny assessment for AY 2026-27 (or any earlier year) will be completed under the provisions of the Income-tax Act, 1961.

Section 536(2)(c) provides that the assessment proceedings relating to tax years beginning before 1st April, 2026 shall continue under the old Act.

Q3.20 What happens if a taxpayer who is required to file return for both AY 2026-27 and TY 2026-27 files only one of them?

Ans. Both are independent legal obligations and both the returns must be filed within their respective due dates.

Non-filing of either return will attract consequences under the respective Act.

F. LOSS RETURNS AND CARRY FORWARD OF LOSSES

Q3.21 If a taxpayer incurred a loss in FY 2025-26 (AY 2026-27), can this loss be carried forward under the new Act?

Ans. Yes. Losses determined for AY 2026-27 under the old Act can be carried forward and set off in Tax Year 2026-27 and subsequent tax years under the new Act, subject to the conditions prescribed.

Section 536(2)(b) protects rights acquired under the old Act, and the carry-forward of losses is one such right subject to fulfilment of specified conditions.

Example:

M/s. XYZ Trading LLP incurred a business loss of Rs. 15 lakhs in FY 2025-26 (AY 2026-27) and filed a return of loss within the due date. This loss can be carried forward and set off against business income of Tax Year 2026-27 and subsequent tax years, following the prescribed conditions.

Q3.22 Is filing the return of loss within the due date necessary for carry-forward purposes under the new Act?

Ans. Yes. The requirement to file the return of loss within the due date prescribed in Section 263(1) (corresponding to Section 139(1) of the old Act) continues to be a prerequisite for carry-forward of losses under the new Act as well.

This condition applies to losses under the heads “Profits and gains of business or profession”, activity of owning and maintaining race horses and “Capital gains”.

The new Act retains this condition under Section 121.

Q3.23 If a loss was already being carried forward from AY 2022-23 under the old Act and remains unabsorbed till AY2026-27, does the carry-forward continue seamlessly under the new Act?

Ans. Yes. The unabsorbed losses from earlier years that are being carried forward under the old Act will continue to be carried forward under the new Act, subject to the same conditions (type of loss, period of carry-forward, etc.). The transition does not interrupt or restart the carry-forward period.

Example:

M/s. ABC Pvt. Ltd. had an unabsorbed business loss from AY 2022-23 being carried forward. As of Tax Year 2026-27, this loss has already been carried forward for four years. It can continue to be set off for the remaining four years (total eight years from AY 2022-23) under the new Act.

G. VERIFICATION, AUDIT REPORT AND PENALTY

Q3.24 Is there any change in the manner of verification of the return of income or as regards person who is required to verify the return under the new Act?

Ans. There is no substantive change in the manner of verification of the return of income or as regards person who is required to verify the return under the new Act.

Section 265 of the Income Tax Act, 2025 prescribes the persons authorised to verify the return for each category of assessee (individual, company, firm, etc.), and these are the same as under the old Act.

Electronic verification through Aadhaar OTP, net banking, Digital signature or other prescribed modes will continue.

Q3.25 The tax audit report for FY 2025-26 will be filed after 1st April, 2026. Which Act will govern the filing of the tax audit report for FY 2025-26 (AY2026-27)?

Ans. The audit report for FY 2025-26 relates to AY 2026-27 under the Income-tax Act, 1961. It must be filed in the prescribed form under the old Act (Form 3CA/3CB/3CD as applicable), even if the actual filing occurs after 01.04.2026. The due date for furnishing the tax audit report for AY 2026-27 is one month before the ITR due date, e.g., 30th September, 2026 for cases where the ITR due date is 31st October, 2026, and 31st October, 2026 for transfer pricing cases where the ITR due date is 30th November, 2026.

Q3.26 What is the fee for late filing of return under the new Act?

Ans. Section 428 of the Income-tax Act, 2025 prescribes the fee for delayed filing of income tax return. The amount is the same as under the old Act (Section 234F of 1961 Act):

(i) Rs. 1,000 if total income does not exceed Rs. 5 lakhs;

(ii) Rs. 5,000 in any other case

Note: This fee applies for returns under the new Act (Tax Year 2026-27 onwards). For AY 2026-27 and earlier years, the fee as prescribed under Section 234F of the old Act will apply.

Q3.27 Will the e-filing portal simultaneously supports filings under both the old and new Acts?

Ans. Yes. The Government is taking appropriate measures to ensure the e-filing portal supports return filing under both Acts during the transition period.

Taxpayers will be able to select either the Assessment Year (for filings under the old Act) or the Tax Year (for filings under the new Act) on the portal.

The portal interface will guide taxpayers to the correct forms based on their selection.

Q3.28 How should taxpayers keep records for the transition year to ensure smooth filing under both Acts?

Ans. Taxpayers should:

(i) Maintain clear demarcation of income, expenses, TDS, and advance tax between FY 2025-26 (governed by old Act) and FY 2026-27 (governed by new Act);

(ii) Ensure all challans correctly reflect AY 2026-27 or Tax Year 2026-27 as applicable;

(iii) Reconcile Form 26AS / Annual Tax Statement for each year separately;

(iv) Keep a section-mapping reference handy (old Act section to new Act section) for accurate reporting;

(v) File returns well before due dates to have buffer time for any transition issues in portal.

PROCEDURE FOR ASSESSMENT

(Chapter XVI- PART A)
(Earlier : Chapter XIV)

Assessment Procedure

Frequently Asked Questions & Answers

1 What are highlights of changes made in this Chapter?

Ans. Section 153 of the Income-tax Act, 1961 which provides **limitation for making assessment and reassessment** etc. and **section 155** of the said Act which **deals with other amendments have been converted into tabular format for ease of readability.**

Section 144B of the said Act which lays down the procedure for making faceless assessment has been simplified and redrafted as proposed section 273 of the Income Tax Act, 2025 .

Sections 153A to 153D stand omitted in the Income Tax Act, 2025 as these provisions do not apply to searches conducted after 1st April' 2021.

2. What is the extent of reduction in terms of number of sections and number of words in this Chapter?

Ans. Part A of the Chapter XVI in the new Income Tax Act, 2025 contains 24 sections as against 33 sections in the Income-tax Act, 1961.

Further, **number of words has also been reduced from 26,651 words to 13,160 words.**

3. Please state policy changes made, if any, in this Chapter.

Ans : No major policy changes have been made in this Chapter of the Income Tax Act, 2025 . However, minor changes that are clarificatory/procedural in nature have been made in certain provisions, as under;

a. The following has been **included as 'information'** for the purposes of **issue of notice under section 148**, for which the procedure prescribed under **section 148A shall not be required, -**

i. Directions of Approving Panel

ii. Any finding or direction contained in an order passed by any authority, Tribunal or Court.

b. Provisions relating to various faceless schemes have been consolidated into one proposed section, namely Section 532 which confers powers on the Central Government to frame schemes for eliminating interface with the assessee.

c. Virtual digital asset has been included in the definition of ‘undisclosed income’ for the purposes of search assessment.

OBSERVATION / RECOMMENDATIONS OF SELECT COMMITTEE OF LOK SABHA ON PROVISIONS OF ASSESSMENT PROCEDURE

268	The Committee, upon examination of the Clause, note a drafting correction and therefore recommend to replace the phrase ‘in the such form’ with ‘in the prescribed form’ in sub-clause (5)(i) so as to bring more clarity in meaning and intent.
269	The Committee, upon examination and the justification given by the Ministry, find the provisions of the Clause 269 in line with the existing provisions therefore accept the Clause as proposed.

270	The Committee observe that the proposed Clause 270(1)(a)(v) stipulates a broad disallowance of deduction under Chapter VIII if the return is furnished beyond the due date. However, the existing Income-Tax Act, 1961, does not have such a blanket disallowance for the entire Chapter VIII instead such a restriction was limited to deductions claimed under under Heading C – "Deductions in respect of certain incomes" within Chapter VIII. Therefore, to align the provision with the current law, the Committee recommend that Clause 270(1)(a)(v) be modified to restrict the disallowance only to deductions under Heading C of Chapter VIII.
271	The Committee, upon examination of the justification provided by the Ministry, find the provisions of the Clause 271 to be in line with the existing provisions of the 1961 Act. The Committee note that the Clause is mere textual simplification with retention of the same intent and therefore accept the Clause as it stands.

272	The Committee, upon detailed deliberations of the provisions of the Clause along with justifications provided by the Ministry, find the provisions of the Clause 272 to be mere textual simplification and corresponding to the existing provisions of the 1961 Act. The Committee, therefore, accept the Clause in entirety.
273	The Committee, upon detailed deliberaton on the various provisions of the Clause along with justification provided by the Ministry, find the provisions of the Clause 273 to be corresponding and in line with the existing provisions of the 1961 Act. The Committee, therefore, accept the Clause as proposed.
274	The Committee, upon examination and the justification provided by the Ministry, find the provisions of the Clause 274 to be textual simplification, retaining the intent of the existing provisions of the 1961 Act and therefore accept the Clause as proposed.

275	The Committee, upon examination and the justification given by the Ministry, find the provisions of the Clause 275 in line with the existing provisions therefore accept the Clause as proposed.
276	The Committee note the justification provided by the Ministry and find the provisions of the Clause 276 to be mere textual simplification of the corresponding provisions of the existing Act with no change in intent and therefore accept the Clause as proposed.
277	The Committee note the justification provided by the Ministry and find the provisions of the Clause 277 in line with the existing provisions with mere textual simplification and therefore accept the Clause as proposed**.**

278	The Committee note the justification provided by the Ministry and find the provisions of the Clause 278 in line with the existing provisions with mere textual simplification and therefore accept the Clause as proposed.
279	i. The Committee note a drafting correction in sub-clause(1) at Line No.11 and recommend to put a missing bracket in clause 279(1). ii. The Committee recommend for the merging of income escaping assessment clause 279(2)(a) and 279(2)(b) of the Income Tax Act, 2025 .
280	The Committee note the justification provided by the Ministry and find the provisions of the Clause 280 to be corresponding to the existing provisions with textual simplification and therefore accept the Clause as proposed.

281	The Committee observe that in sub-clause (1) to Clause 281, the purpose for issuing show-cause notice is not provided. That was there in the earlier wording in the Act of 1961 which said 'Serving upon him a notice to show cause as to why a notice under Section 148 should not be issued'. Therefore, the Committee recommend to align Clauses 281(1) & 281(2) with the IT Act, 1961.
282	The Committee note that adding the words 'in his possession' in sub clause (1)(b) before 'books of accounts' at Line No.03 can bring the provision in alignment with the Act. The Committee, therefore, recommend the Ministry to align it with the existing Act.
283	The Committee note the justification provided by the Ministry and find the provisions of the Clause 283 in line with the existing provisions with mere textual simplification and no change in intent and therefore accept the Clause as proposed.

284	The Committee note the justification provided by the Ministry and find the provisions of the Clause 284 in line with the existing provisions with mere textual simplification and therefore accept the Clause as proposed.
285	i. The Committee recommend to replace 'may' with the word 'shall' in sub-clause (2) to align the proposed provision with the existing Act. ii. The Committee further recommend that in Clause 285(2)(b) at Line No.46, the reference may be amended to "original assessment order for the relevant tax year" not for "relevant year" for more clarity.

286	The Committee note a drafting error in sub-clause (7) in its reference to sub-section (3)(k) at Line No.11 instead of (3)(j). Therefore, the Committee recommend to replace the usage '(3)(k)' with '(3)(j)' in sub-clause (7) to provide for correct referencing as per the intent of the provision. The Committee note in the Clause a cross reference to the 1961 Act, which is proposed to be repealed. Therefore, the Committee recommend the Ministry to remove the reference to the old Act, 1961 from the body of the Finance Bill itself by clubbing it in the Savings clause coherently.

287	i. The Committee observe that Clause 287(1) provides for amending any order and intimation within its context. However, in Clause 287(2), while referring to the above said sub-clause (1), the Bill refers to 'order' only. Therefore, to bring in more clarity, the Committee recommend that in sub-clause (2), the word 'intimation' may suitably be mentioned at Line No.33 after 'order'. The Committee also recommend that similar reference to 'intimation' may also be suitably mentioned in sub-clause (8). ii. The Committee also recommend that the reference to Clause 271(1) dealing with best judgment assessment in Clause 287(1)(b) may be suitably replaced by "Clause 270(1)" which actually deals with assessment.

288	i. The Committee note that the reference to Clause 271 dealing with best judgment assessment at sub-clause (12) of Clause 288 at Column B needs to be corrected. Therefore, the Committee therefore recommend that the correct reference may be amended to Clause 270 which deals with assessment. ii. The Committee note in the Clause a cross reference to the 1961 Act, which is proposed to be repealed. Therefore, the Committee recommend the Ministry to remove the reference to the old Act, 1961 from the body of the Bill itself by clubbing it in the Savings clause coherently.

289	The Committee, upon detailed deliberation on the Clause along with the justification provided by the Ministry, note that the provisions of the Clause 289 are in line with the existing provisions of 1961 Act with textual simplification and therefore accept the Clause as proposed.
290	The Committee note the justification provided by the Ministry and find the provisions of the Clause 290 in line with the existing provisions with mere textual simplification and therefore accept the Clause as proposed.
291	The Committee, upon examination along with justification provided by the Ministry, find the provisions of the Clause 291 in line with the existing provisions with mere textual simplification and therefore accept the Clause as proposed.

Inquiry before assessment.

268(1) *(Akin to section 142(1) of the Income tax Act,1961)*

- For the **purpose** of making an **assessment** under this Act,
- the **Assessing Officer** may **serve on any person**
- who has made a **return under section 263** (old section 139) or
- in whose case the **time allowed under section 263(1)** (old section 139(1)(c))
- for furnishing the return **has expired,**
- a **notice requiring him,** on a **date to be specified therein**,-

Notes

2(13) "**assessment**" includes **reassessment and recomputation; (Old section 2(8))**

Notes

2(12) "**Assessing Officer**" means— **(Old section 2(7A))**

(a) the **Assistant Commissioner or Deputy Commissioner or Assistant Director or Deputy Director** or **the Income-tax Officer**, who is vested with the relevant jurisdiction by virtue of directions or orders issued under section 241(1) or (2) or (3), or any other provision of this Act; and

(b) the **Additional Commissioner or Additional Director or Joint Commissioner or Joint Director**, who is directed under section 241(5)(b) to exercise or perform all or any of the powers and functions conferred on, or assigned to, an Assessing Officer under this Act;

2(77) "**person**" includes— **(Old section 2(31))**

(a) an individual;

(b) a Hindu undivided family;

(c) a company;

(d) a firm;

(e) an association of persons or a body of individuals, whether incorporated or not;

(f) a local authority; and

(g) every artificial juridical person, not falling within any of the preceding sub-clauses, whether or not such an association of persons or a body of individuals or a local authority or an artificial juridical person was formed or established or incorporated with the object of deriving income, profits, or gains;

268(1)(a) where such person has **not made a return**

- **within the time allowed under section 263(1)** (old section 139(1)(c))
- or **before the end of the financial year succeeding the relevant tax year,**
- to furnish a return of his income or the income of any other person
- in respect of which he is assessable under this Act,
- in such form and verified in such manner and
- setting forth such other particulars as may be prescribed;

268(1)(b) to produce, or cause to be produced,

- **such accounts or documents**
- as the Assessing Officer may require;

Notes

2(41) *"document" includes an* ***electronic record as defined in section 2(1)(t) of the Information Technology Act, 2000****;*

Section 2(1)(t) of India's Information Technology Act, 2000 (IT Act), *defines "****electronic record"*** *as data, records, images, or sounds stored, generated, received, or sent in electronic form, including magnetic/optical media, microfiche, or computer-generated equivalents, providing legal recognition to such digital information for e-commerce and governance.*

268(1)(c) to furnish in writing and verified in the manner as may be prescribed

- **information** in such form and on **such points or matters**
- **(including a statement of all assets and liabilities of the assessee,**
- **whether included in the accounts or not)**
- as the Assessing Officer may require.

IT Rules 2026

Form of verification for furnishing information under section 268(1)(c).

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The information which a person is required by the Assessing Officer to furnish under section 268(1)(c) shall be verified in the following manner:-

"*I declare that to the best of my knowledge and belief, the information furnished in the statement/statements is correct and complete and other particulars shown therein are truly stated*."

268(2) *(Akin to 3rd Proviso of section 142(1) of the Income tax Act,1961)*

For the purposes of sub-section (1),–

(a) the previous approval of the Joint Commissioner

- shall be obtained **by the Assessing Officer**
- **before requiring the assessee to furnish**
- **a statement of all assets and liabilities not included in the accounts;**

(b) the Assessing Officer **shall not require**

- **the production of any accounts**
- relating to a **period more than three years**
- **prior to the relevant tax year.**

268(3) *(Akin to 2ND Proviso of section 142(1) of the Income tax Act,1961)*

- A notice under **sub-section (1)(a)** may also be served
- by the **prescribed income-tax authority.**

IT Rules 2026

Prescribed income-tax authority under section 268(3) for issue of notice under sub-section (1) thereof.

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The prescribed income-tax authority under section 268(3), for issue of notice under sub-section (1) of the said section, shall be an income-tax authority not below the rank of Income-tax Officer who has been authorised by the Central Board of Direct Taxes to act as such authority for the purposes of section 268(3).

268(4) *(Akin to section 142(2) of the Income tax Act,1961)*

- For the **purposes of obtaining full information**
- **in respect of the income or loss** of any person,
- the **Assessing Officer may make such inquiry**
- **as he considers necessary.**

268(5) *(Akin to section 142(2A) and proviso of the Income tax Act,1961)*

If, **at any stage of the proceedings** before him,

the **Assessing Officer**, having regard to -

(a) the **nature and complexity of the accounts; or**

(b) **volume of the accounts; or**

(c) **doubts about the correctness of the accounts; or**

(d) **multiplicity of transactions in the accounts; or**

(e) **specialised nature of business activity of the assessee,** and **interests of the revenue,**

- is of the **opinion** that it is necessary so to do,
- he may, **after giving the assessee a reasonable opportunity** of being heard, and
- with the **previous approval of the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner,**
- **direct the assessee** to get **either or both** of the following:-

(i) to get the **accounts audited by an accountant,** and

- to **furnish a report of such audit** in the prescribed form duly signed and
- verified **by such accountant** and setting forth such particulars, as may be prescribed, and
- such other particulars as the Assessing Officer may require;

(ii) to get the **inventory valued by a cost accountant,** and

- **to furnish a report of such inventory valuation**
- in the prescribed form as duly signed and
- verified **by such cost accountant** and
- setting forth such particulars, as may be prescribed, and
- such other particulars as the Assessing Officer may require.

IT Rules 2026

Forms for report of audit or inventory valuation under section 268(5).

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(1) The **report of audit** of the accounts of an assessee, which is required to be furnished **under section 268(5)(i), shall be in Form No. 100.**

(2) The **report of inventory valuation** of an assessee, which is required to be furnished **under section 268(5)(ii), shall be in Form No. 101.**

268(6) *(Akin to section 142(2A) and proviso of the Income tax Act,1961)*

- The **accountant or the cost accountant** as referred to in sub-section (5)
- shall be **nominated by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner** for the purposes of the said sub-section.

268(7) *(Akin to section 142(2B) of the Income tax Act,1961)*

- The **provisions** of sub-section (5) **shall have effect**
- **irrespective of whether or not accounts of the assessee**
- **have been audited under any other law for the time being in force or otherwise.**

268(8) *(Akin to section 142(2C) of the Income tax Act,1961)*

- Every **report** under sub-section (5)
- shall be furnished by the assessee
- to the Assessing Officer **within such period**
- **as specified by the Assessing Officer.**

268(9) *(Akin to section 142(2C) and proviso of the Income tax Act,1961)*

- The **Assessing Officer** may, **on his own motion,**
- or on an **application made** in this behalf **by the assessee and**
- for **any good and sufficient reason,**
- subject to the provisions of sub-section (10),
- **extend the period** referred to in sub-section (8)
- **by such further period or periods as he thinks fit.**

268(10) *(Akin to section 142(2C) and proviso of the Income tax Act,1961)*

- The aggregate of the **period originally fixed under sub-section (8)** and
- the **period or periods so extended,** as referred to in sub-section (9),
- **shall not,** in any case,
- **exceed six months from the end of the month**
- **in which the direction** under sub-section (5) is **received by the assessee.**

268(11) *(Akin to proviso of section 142(2D) of the Income tax Act,1961)*

- The **expenses of any audit or inventory valuation** under sub-section (5)
- (including **incidental expenses and remuneration of the accountant or the cost accountant**) shall be -

(a) **determined by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner** as per such guidelines as prescribed; and

(b) **paid by the Central Government.**

268(12) *(Akin to section 142(3) of the Income tax Act,1961)*

- The **assessee** shall, **except where the assessment is made under section 271** (old section 144),
- **be given an opportunity of being heard**
- in respect of any **material gathered on the basis of any inquiry** under sub-section (4),
- or any **audit or inventory valuation** under sub-section (5) and
- **proposed to be utilised for the purposes of the assessment.**

268(13) *(Akin to section 142 and explanation of the Income tax Act,1961)*

- For the purposes of this section, "**cost accountant**" means
- a cost accountant as **defined in section 2(1)(b) of the Cost and Works Accountants Act, 1959 and who holds a valid certificate of practice under section 6(1) of the said Act.**

Estimation of value of assets by Valuation Officer.

269(1) *(Akin to section 142A(1) of the Income tax Act,1961)*

- The **Assessing Officer** may,
- for the **purposes of assessment or reassessment,**
- make a **reference to a Valuation Officer**
- **to estimate the value, including the fair market value,**
- of any **asset, property or investment and**
- submit a **copy of report to him.**

Notes

Section 2(110)

"Valuation Officer" means a person appointed by the Central Government as a Valuation Officer who shall exercise powers as specified in section 269(3), and includes a Regional Valuation Officer, a District Valuation Officer and an Assistant Valuation Officer;

269(2) *(Akin to section 142A(2) of the Income tax Act,1961)*

- The **Assessing Officer** may make a **reference to the Valuation Officer**
- under sub-section (1) **whether or not he is satisfied**
- **about the correctness or completeness of the accounts** of the assessee.

269(3) *(substituted to section 142A(3) of the Income tax Act,1961)*

(a) For **estimating the value, including the fair market value**,

- of the **asset, property, or investment,**
- the **Valuation Officer or any engineer, overseer, surveyor, or assessor authorized by such Valuation Officer**,
- may, subject to **any rules made in this regard** and at **such reasonable times**, as may be prescribed, -

(i) **enter any land within the limits of the area assigned to the Valuation Officer**; or

(ii) **enter any land, building, or other place belonging to or occupied by any person**

- in connection with **whose assessment a reference has been made to the Valuation Officer; or**

(iii) inspect any asset, property, or investment in respect of which **a reference has been made to the Valuation Officer.**

269(3)(b) The Valuation Officer or any engineer, overseer, surveyor, or assessor,

- may require any **person in charge of, or in occupation or possession** of,
- **such land, building, or other place or such asset, property, or investment**
- **to afford the necessary facility** to:—

(i) **survey or inspect** such land, building, or other place or such asset, property, or investment;

(ii) **estimate its value**; or

(iii) **inspect any books of account, document, or record relevant for the valuation** of such asset, property, or investment and gather other particulars relating to it.

269(3)(c) <u>The Valuation Officer, engineer, overseer, surveyor, or assessor</u>

- **<u>shall enter any land, building or place</u>**
- referred to in clause (a)(ii), or
- **<u>inspect any asset, property, or investment</u>**
- referred to in clause (a)(iii),
- **<u>with the consent of the person in charge of,</u>**
- **<u>or in occupation or possession</u>** of,
- such land, building, place, or asset, property, or investment,
- **<u>after providing such person at least two days' notice</u>**
- **<u>in writing of his intention to do so.</u>**

269(3)(d) If a person who, under this sub-section,

- **is required to afford any facility to**
- **the Valuation Officer or the engineer, overseer, surveyor, or assessor,**
- **either refuses or evades to afford such facility,**
- the **Valuation Officer** shall have **all the powers**
- as are **vested in a court under the Code of Civil Procedure, 1908**,
- when trying a suit **in respect of the following matters**,-

(i) discovery and inspection;

(ii) enforcing the attendance of any person, including any officer of a banking company, and examining him on oath;

(iii) compelling the production of books of account and other documents; and

(iv) issuing commissions.

269(4) *(Akin to section 142A(4) of the Income tax Act,1961)*

- The **Valuation Officer shall, estimate the value of the asset, property or investment**
- after taking into account **such evidence as the assessee may produce and**
- **any other evidence in his possession gathered,**
- after **giving an opportunity of being heard to the assessee.**

269(5) *(Akin to section 142A(5) of the Income tax Act,1961)*

- The Valuation Officer **may estimate**
- **the value of the asset, property or investment**
- **to the best of his judgment,**
- if the assessee **does not co-operate or comply with his directions**.

269(6) *(Akin to section 142A(6) of the Income tax Act,1961)*

- The **Valuation Officer** shall **send the report of the estimate**
- made under sub-section (4) or (5),
- **to the Assessing Officer and the assessee.**

269(7) (newly added)

- With a **view to rectifying any mistake apparent from the record,**
- **the Valuation Officer may amend any report made by him**, as per **section 287**.

269(8) *(Akin to section 142A(7) of the Income tax Act,1961)*

- The **Assessing Officer** may, **on receipt of the report from the Valuation Officer**,
- and after **giving the assessee an opportunity of being heard**,
- **take into account such report** in making the **assessment or reassessment**.

269(9) *(Akin to section 142A(6) of the Income tax Act,1961)*

- The **Valuation Officer shall send the report** referred to in sub-section (6)
- **within six months from the end of the month**
- **in which the reference is made** under sub-section (1).

269(10) *(newly added)*

For the purposes of this Act,-

(a) the **Central Government may appoint as many Valuation Officers,** as necessary; and

(b) subject to the **rules and orders of the Central Government**

- **regulating the conditions of service of persons in public services and posts**,
- a **Principal Chief Commissioner, or a Chief Commissioner, or a Principal Commissioner or a Commissioner**
- may **appoint as many engineers, overseers, surveyors and assessors**
- as may be necessary **to assist the Valuation Officers**
- in the **performance of their functions.**

Assessment

270(1) *(Akin to section 143(1) of the Income tax Act,1961)*

- Where a **return** has been made under **section 263**,
- or in **response to** a notice under **section 268(1)**
- such **return shall be processed** in the following manner:-

(a) the **total income or loss** shall be computed **after making the adjustments** towards the following:-

(i) any **arithmetical error** in the return; or

(ii) an **incorrect claim**, if such **incorrect claim is apparent from any information** in the **return;** or

(iii) any **such inconsistency** in the **return, with respect to the information in the return of any preceding tax year, as may be prescribed;** or

(iv) **disallowance of loss claimed**, if **return** of the tax year **for which set off of loss is claimed was furnished beyond the due date** specified under section 263(1) (old section 139(1)) ; or

(v) **disallowance of expenditure or increase in income indicated in the audit report but not taken into account in computing the total income in the return; or**

(vi) **disallowance of deduction claimed under section 144 or under any of the provisions of Chapter VIII-C, if the return is furnished beyond the due date specified under section 263(1);**

Amendment of section 270.

60. In section 270 of the Income-tax Act, in sub-section (1), in clause (a), in sub-clause (vi*), the words and figures "under section 144 or" shall be omitted.*

(b) the **tax, interest and fee**, if any, shall be **computed** on the **basis of the total income computed under clause (a);**

Notes

Section 144 - Special provisions in respect of newly established Units in Special Economic Zones - Section 10AA.

Chapter VIII-C - Deductions in respect of Certain Incomes - (New section [138-152]) old section 80-IA to 80RRB, 10AA)

(c) the **sum payable by, or the amount of refund due to**, the assessee shall be determined **after adjustment of the tax, interest and fee,** if any, computed under clause (b) by—

(i) any **tax deducted at source**;

(ii) any **tax collected at source;**

(iii) any **advance tax paid;**

(iv) any **rebate or relief allowable under Chapter IX;**

(v) any **tax paid on self-assessment;** and

(vi) any **amount paid otherwise by way of tax, interest or fee;**

(d) an **intimation** shall be sent to the assessee **specifying the sum determined to be payable by, or refund due to**, the assessee under clause (c); and

(e) the **amount of refund due** to the assessee in pursuance of the determination under clause (c) shall be **granted to the assessee.**

270(2) *(Akin to section 143(1)(a) of the Income tax Act,1961)*

Before making **any adjustment** under **sub-section (1)(a)**,-

(a) a **communication is to be given** to the assessee of such **adjustments either in writing or in electronic mode;**

(b) the **response received** from the assessee in this regard, if any, **shall be considered**; and in a case where **no response** is received **within thirty days** of the issue of such communication, **such adjustments shall be made** and thereafter the **intimation under sub-section (1)(d) shall be sent.**

270(3) *(Akin to 1st Proviso of section 143(1) of the Income tax Act,1961)*

- For the purposes of sub-section (1),
- an **intimation shall also be sent to the assessee**
- in a **case where the loss declared** in the return by the assessee
- **is adjusted** but **no tax, interest or fee is payable by,** or **no refund is due** to, him.

270(4) *(Akin to 2nd Proviso of section 143(1) of the Income tax Act,1961)*

- **No intimation** under sub-section (1) **shall be sent**
- after the **expiry of nine months from the end of the financial year**
- **in which the return is made.**

270(5) *(Akin to Explanation of section 143(1) of the Income tax Act,1961)*

For the purposes of sub-sections (1) to (4), -

(a) "an **incorrect claim apparent** from **any information in the return**" **shall mean a claim**, on the **basis of an entry**, in the return, -

(i) of an **item, which is inconsistent** with **another entry of the same or some other item** in **such return;** or

(ii) in **respect of** which the **information required** to **be furnished under this Act** to **substantiate such entry has not been so furnished**; or

(iii) in **respect of a deduction**, where such **deduction exceeds specified statutory limit** which may have been **expressed as monetary amount or percentage or ratio or fraction;**

(b) "the **acknowledgement of the return**" shall be **deemed to be the intimation** in a case **where no sum is payable by, or refundable to**, the assessee under sub-section (1)(c), and **where no adjustment has been made** under sub-section (1)(a).

270(6) *(Akin to section 143(1A) of the Income tax Act,1961)*
For the purposes of processing of returns under sub-section (1),
the **Board may make a scheme for centralised processing of returns**
with a view to expeditiously determining the tax payable by,
or the refund due to, the assessee as required under the said sub-section.

270(7) *(Akin to section 143(1C) of the Income tax Act,1961)*
The **scheme** made under sub-section (6) shall,
as soon as may be **laid before each House of Parliament.**

270(8) *(Akin to section 143(2) of the Income tax Act,1961)*

- Where a **return** has been furnished under **section 263** or
- in **response to a notice under section 268(1)**,
- the **Assessing Officer** or the **prescribed income-tax authority,**
- if, **considers it necessary or expedient** to ensure that the assessee -

(a) has not **understated the income**;

(b) has not **computed excessive loss;**

(c) 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, -

(i) either to attend the office of the Assessing Officer; or

(ii) to produce, or cause to be produced before the Assessing Officer

any evidence on which the assessee may rely in support of the return.

270(9) *(Akin to Proviso of section 143(2) of the Income tax Act,1961)*

- **No notice** under sub-section (8) shall be **served on the assessee**
- **after the expiry of three months from the end of the financial year**
- **in which the return is furnished.**

270(10) *(Akin to section 143(3) of the Income tax Act,1961)*

- On the day specified in the notice issued under sub-section (8),
- 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, subject to the provisions of sub-sections (11) and (13), shall -

(a) by an **order in writing**, make an **assessment** of the **total income or loss** of the assessee; and

(b) **determine the sum payable** by him or **refund of any amount due** to him on the basis of such assessment.

270(11) *(Akin to 1st proviso of section 143(3) of the Income tax Act,1961)*

- In the case of **entities referred to in sub-section (12)**,
- which are required to furnish the return of income under **section 263(1)(a)(iv),**
- no **order under sub-section (10)** making an assessment of the total income or loss of any such entity **shall be made by the Assessing Officer**,
- **without giving effect to the provisions of section 11, unless -**

(i) the **Assessing Officer has intimated the Central Government or**

- **the prescribed authority the contravention of the provisions**
- mentioned in Schedule III (Table: Sl. No. 23, 24 or 25), by such entity,
- **where in his view such contravention has taken place**; and

(ii) the **approval granted to such entity has been withdrawn or**

- **notification issued in respect of such entity has been rescinded.**

270(12) *(Akin to 1st proviso of section 143(3) of the Income tax Act,1961)*

For the **purposes of sub-section (11),** the **entities** shall be—

(a) a **research association** referred to **in Schedule III (Table: Sl. No. 23);**

(b)an **association or institution** referred to in **Schedule III (Table: Sl. No. 24);**

(c) an **institution** referred to in **Schedule III (Table: Sl. No. 25)**.

Notes: Schedule III (Table: Sl. No. 23)

SL No.	Income not to be included in total income	Eligible persons	conditions
A	B	C	D
23	Any income of a research association.	A research association for the time being approved for the purpose of section 45(*3*)(*a*).	*(a)* Applies its income or accumulates it for application, wholly and exclusively to the objects for which it is established; *(b)* invests its funds received in the forms or modes specified in section 350; *(c)* satisfies such conditions as may be prescribed; and *(d)* the procedure for withdrawal of approval granted shall be in such manner as may be prescribed.

Notes: Schedule III (Table: Sl. No. 24)

SL No.	Income not to be included in total income	Eligible persons	conditions
A	B	C	D
24	Any income (other than income chargeable under the head "Income from house property" or any income received for rendering any specific services or income by way of interest or dividends derived from its investments).	An association or institution established in India having as its object the control, supervision, regulation or encouragement of the profession of, law, medicine, accountancy, engineering or architecture or such other profession as the Central Government may, by notification specify in this behalf.	*(a)* the association or institution applies its income, or accumulates it for application, solely to the objects for which it is established; *(b)* the association or institution is for the time being approved by the Central Government by general or special order; and *(c)* the procedure for withdrawal of approval granted shall be in such manner, as may be prescribed.

Notes: Schedule III (Table: Sl. No. 25)

SL No.	Income not to be included in total income	Eligible persons	conditions
A	B	C	D
25	Any income attributable to the business of production, sale, or marketing, of khadi or products of village industries.	An institution constituted as a public charitable trust or registered under the Societies Registration Act, 1860 (21 of 1860), or under any other law corresponding to that Act in force in any part of India.	*(a)* Such institution exists solely for the development of khadi or village industries or both, and not for the purposes of profit; *(b)* such institution applies its income, or accumulates it for application, solely for the development of khadi or village industries, or both; *(c)* such institution is approved for such purpose by the Khadi and Village Industries Commission for a period not exceeding three tax years at any one time; and *(d)* the procedure for withdrawal of approval granted shall be in such manner as may be prescribed

270(13) *(Akin to 2nd proviso of section 143(3) of the Income tax Act,1961)*

In the case of a **registered non-profit organisation,**

where the **Assessing Officer is satisfied that any such entity**

has **committed any specified violation** as mentioned in section 351(1), he shall -

(a) send a **reference to the Principal Commissioner or Commissioner to withdraw the approval or registration**; and

(b) **no order** under sub-section (10) making an **assessment of the total income or loss of such registered non-profit organisation**

shall be made by him without giving effect to the order passed by the Principal Commissioner or Commissioner under section 351(2)(ii)(A) or (B).

270(14) *(Akin to 3rd proviso of section 143(3) of the Income tax Act,1961)*

While **making an assessment** under sub-section (10),

where the **Assessing Officer is satisfied that the activities of the university, college or other institution** referred to in section 45(3)(a) (herein referred to as entity)

are not being carried out in accordance with all or any of the conditions

subject to which such entity was approved, then—

(a) he may, **after giving a reasonable opportunity of showing cause against the proposed withdrawal to the concerned entity,**

recommend to the Central Government to withdraw the approval; and

(b) **the Central Government may by order,**

withdraw the approval and forward a copy of the order

to the concerned entity and the Assessing Officer.

270(15) *(Akin to section 143(4) of the Income tax Act,1961)*

Where a **regular assessment under sub-section (10)** or **section 271** is made,—

(a) any **tax or interest paid** by the assessee under sub-section (1)

shall be deemed to have been paid towards such regular assessment;

(b) if **no refund is due on regular assessment** or

- **the amount refunded** under sub-section (1) **exceeds**
- **the amount refundable on regular assessment**,
- **the whole or the excess amount so refunded**
- shall be **deemed to be tax payable by the assessee** and
- the provisions of this Act shall apply accordingly.

Best judgment assessment

271(1) *(Akin to section 144(1) of the Income tax Act,1961)*

If any person -

(a) fails to furnish the **return required under section 263(1) or (4) or (5) or (6)**; or

(b) fails to **comply with all the terms** of a notice issued under section **268(1)** or

fails to **comply with a direction** issued under section **268(5)**; or

(c) **having made a return,** fails to comply with **all the terms of a notice** issued under section 270(8),

- **the Assessing Officer**, after taking into account
- all **relevant materials which he has gathered**, shall,
- after **giving the assessee an opportunity of being heard**,
- **make the assessment of the total income or loss**
- **to the best of his judgment** and
- determine the sum payable by the assessee
- on the basis of such assessment.

271(2) *(Akin to 1st Proviso of section 144(1) of the Income tax Act,1961)*

- The **Assessing Officer before making an assessment** under sub-section (1) shall,
- subject to the provisions of sub-section (3),
- **serve a notice on the assessee to show cause,**
- on a date and time to be specified in the notice,
- as to **why assessment should not be completed to the best of his judgment.**

271(3) *(Akin to 2nd Proviso of section 144(1) of the Income tax Act,1961)*

- It shall **not be necessary to give the opportunity** referred to in sub-section (2)
- **in a case where a notice under section 268(1)**
- has been **issued prior to the making of an assessment** under this section.

Power of Joint Commissioner to issue directions in certain cases

272(1) *(Akin to section 144A of the Income tax Act,1961)*

- A **Joint Commissioner** may, on his **own motion** or
- on a **reference being made to him by the Assessing Officer** or
- on the **application of an assessee**,
- **call for and examine the record** of any proceeding in which an **assessment is pending** and,
- if he considers that, **having regard to the nature of the case** or
- the **amount involved or for any other reason**,
- it is **necessary or expedient** so to do, he may -

(a) **issue such directions** as he thinks fit for the guidance of the Assessing Officer to **enable** him to **complete the assessment**; and

(b) **such directions** shall be **binding on the Assessing Officer**.

272(2) *(Akin to Proviso of section 144A of the Income tax Act,1961)*

- **No directions** which are **prejudicial to the assessee**
- shall be issued under sub-section (1)
- **without giving an opportunity of being heard to the assessee.**

272(3) *(Akin to Explanation of section 144A of the Income tax Act,1961)*

- For the purposes of this section,
- **no direction as to the lines on which an investigation**
- **connected with the assessment should be made,**
- **shall be deemed to be a direction prejudicial to the assessee.**

Faceless Assessment

273(1) *(Akin to section 144B(1) of the Income tax Act,1961)*

- Irrespective of anything to the contrary contained in any other provision of this Act,
- the **assessment, reassessment or recomputation** under section 270(10) or 271 or 279,
- as the case may be, with respect to the cases referred to in sub-section (2),
- **shall be made in a faceless manner** as per such procedure,
- as may be prescribed in this behalf.

Notes

Section 270(10) *(Old section 143(3))*

Section 271 *(Old section 144)*

Section 279 *(Old section 147)*

273(2) *(Akin to section 144B(2) of the Income tax Act,1961)*

- The **faceless assessment** under sub-section (1)
- **shall be made** in respect of **such territorial area**,
- or **persons or class of persons**,
- or **incomes or class of incomes,**
- or **cases or class of cases,**
- as **may be specified by the Board.**

273(3) *(Akin to section 144B(3) of the Income tax Act,1961)*

The **Board** may, for the **purposes of faceless assessment**,

set up the **following Centre and Units** and

specify their functions and jurisdiction :-

(a) a **National Faceless Assessment Centre** to **facilitate**

- the **conduct of faceless assessment proceedings**
- in a **centralised manner** including **assigning the case**
- selected for the purposes of **faceless assessment**
- under this section to a **specific assessment unit,**
- intimating the assessee that assessment in his case shall be completed
- in accordance with the provision of this section,
- **serving a notice** to the assessee under section **268(1) or 270(8),** and
- **forwarding any response of the assessee to the assessment unit;**

273(3)(b)

- such **assessment units**, as it may deem necessary
- to **conduct the faceless assessment,**
- to **perform the function of making assessment**,
- which includes **analysis of the material furnished** by the assessee or any other person,
- **identification of points or issues material**
- for the **determination of any liability** (including refund) under this Act,
- **seeking information or clarification** on points or issues so identified,
- **determination of any variation prejudicial to the assessee**, and
- such other functions as may be
- required for the purposes of making faceless assessment;

273(3)(c)

- such **verification units,** as it may deem necessary
- to **facilitate** the conduct of faceless assessment,
- to perform the **function of verification,**
- which **includes enquiry, cross verification,**
- **examination of books of account,**
- **examination of witnesses and recording of statements,** and
- such other functions as may be
- required for the purposes of verification;

273(3)(d)

- such **technical units,** as it may deem necessary
- **to facilitate** the conduct of faceless assessment,
- to perform the function of **providing technical assistance**
- which includes any **assistance or advice on legal, accounting, forensic,**
- **information technology, valuation, transfer pricing, data analytics,**
- **management or any other technical matter**
- **under this Act** or an **agreement entered into under section 159,**
- which may be required in a **particular case or a class of cases,** under this section;

273(3)(e)

- such **review units,** as it may deem necessary
- **to facilitate** the conduct of faceless assessment,
- to perform the function of **review of any variation proposed**
- by the **assessment unit** (wherever it is so **considered necessary by the National Faceless Assessment Centre)**,
- which includes **checking whether the relevant and material evidence has been brought on record,**
- **relevant points of fact and law have been duly incorporated**,
- the **issues requiring addition or disallowance**
- **have been incorporated** and such other functions
- as may be required for the purposes of review.

273(4) *(Akin to section 144B(1)(i) to (xxxii) of the Income tax Act,1961)*

In accordance with the procedure as may be prescribed under sub-section (1),-

(a) the **verification unit, the technical unit and the review unit shall facilitate the conduct of faceless assessment;** and

(b) the **assessment unit** shall -

(i) **make the assessment of the total income or loss** by an order in writing **after taking into account all relevant material** which it has gathered and **after giving the assessee an opportunity of being heard,** and may also **initiate penalty proceedings**, if any;

(ii) determine the **sum payable by the assessee or refund of any amount** due to him on the basis of such assessment.

273(5) *(Akin to section 144B(3)(ii) to (v) of the Income tax Act,1961)*

- For the purposes of this section, the terms
- **“assessment unit”,**
- **“verification unit”,**
- **“technical unit” and**
- **“review unit”**
- shall **refer to an Assessing Officer**
- **having powers so assigned by the Board.**

273(6) *(Akin to section 144B(4) of the Income tax Act,1961)*

The **assessment unit, verification unit, technical unit and the review unit** shall have the **following authorities**:-

(a) **Additional Commissioner or Additional Director or Joint Commissioner or Joint Director, as the case may be;**

(b) **Deputy Commissioner or Deputy Director or Assistant Commissioner or Assistant Director, or Income-tax Officer,** as the case may be;

(c) such other **income-tax authority, ministerial staff, executive or consultant**, as may be considered necessary by the Board.

273(7) *(Akin to section 144B(5) of the Income tax Act,1961)*

All communications, save as **otherwise provided in sub-section (8), -**

(a) **among** the **assessment unit, review unit, verification unit or technical unit** or

- **with the assessee or any other person**
- with respect to the **information or documents or evidence** or any other details,
- as may be necessary for the **purposes of making a faceless assessment**
- **shall be through the National Faceless Assessment Centre;**

(b) between the **National Faceless Assessment Centre and the assessee,** or

- his **authorised representative, or any other person**
- **shall be exchanged exclusively by electronic mode**; and

(c) between the **National Faceless Assessment Centre and various units** shall be **exchanged exclusively by electronic mode.**

273(8) *(Akin to proviso of section 144B(5) of the Income tax Act,1961)*

- The **provisions of sub-section (7)**
- **shall not apply** to the **enquiry or verification**
- **conducted by the verification unit** in the circumstances
- as **specified by the Board in this behalf.**

273(9) *(Akin to section 144B(7)(a) of the Income tax Act,1961)*

- The **Principal Chief Commissioner or the Principal Director General,**
- as the case may be,
- **in-charge of the National Faceless Assessment Centre shall,**
- in accordance with the **procedure laid down by the Board** in this regard,
- if he **considers appropriate** that the provisions of section **268(5)**
- **may be invoked** in the case, -

(a) forward any **reference received from an assessment unit** in this regard to the **Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner having jurisdiction over such case, and inform the assessment unit accordingly;**

(b) **transfer the case to the Assessing Officer** having jurisdiction over such case as per sub-section (12).

273(10) *(Akin to section 144B(7)(b) of the Income tax Act,1961)*

- Where a **reference has been received** by the
- **Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner**
- under sub-section (9)(a),
- he **shall direct the Assessing Officer,**
- **having jurisdiction over the case**,
- **to invoke the provisions of section 268(5).**

273(11) *(Akin to section 144B(7)(c) of the Income tax Act,1961)*

- Where a **reference has not been forwarded** as per sub-section (9)(a)
- to the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner,
- having jurisdiction over the case,
- **the assessment unit shall proceed to complete the assessment**
- **as per the procedure laid down in this section.**

273(12) *(Akin to section 144B(8) of the Income tax Act,1961)*

- **Irrespective of anything** contained in **sub-section (1) or (2),**
- the **Principal Chief Commissioner or the Principal Director General,**
- as the case may be,
- in charge of **National Faceless Assessment Centre may**,
- at **any stage of the assessment**,
- if considered necessary,
- **transfer the case to the Assessing Officer** having jurisdiction over such case,
- **with the prior approval of the Board.**

273(13) *(Akin to Explanation of section 144B of the Income tax Act,1961)*

For the purposes of this section,-

(a) "**designated portal**" means the **web portal designated** as such by the **Principal Chief Commissioner or the Principal Director General**, in charge of the **National Faceless Assessment Centre;**

(b) "**faceless assessment**" means the assessment **proceedings conducted electronically** in "**e-Proceeding**" facility through **registered account of the assessee** in designated portal; and

(c) "**registered account**" of the assessee means the **electronic filing account registered by the assessee** in designated portal.

Reference to Principal Commissioner Or Commissioner in certain cases.

274(1) *(Akin to section 144BA(1) of the Income tax Act,1961)*

- The **Assessing Officer** may make a **reference**
- **to the Principal Commissioner or Commissioner**
- at **any stage of the assessment or reassessment proceedings** before him,
- if, having regard to the **material and evidence** available with him,
- he considers that it is necessary to—

(a) **declare an arrangement as an impermissible avoidance arrangement;** and

(b) determine the **consequence of such an arrangement** within the **meaning of Chapter XI (General Anti-Avoidance Rule)**

274(2) *(Akin to section 144BA(2) of the Income tax Act,1961)*

- The **Principal Commissioner or Commissioner** shall,
- on receipt of a **reference** under sub-section (1),
- if he is of the **opinion** that the **provisions of Chapter XI are required to be invoked**, -

(a) **issue a notice** to the assessee,

- **setting out the reasons** and
- **basis of such opinion**,
- for **submitting objections**, if any; and

(b) provide an **opportunity of being heard**

- to the **assessee within such period**,
- **not exceeding sixty days,**
- as specified in the said notice.

274(3) *(Akin to section 144BA(3) of the Income tax Act,1961)*

- If the assessee **fails to furnish any objection** to the notice
- **within the time specified** in such notice issued under sub-section (2),
- the **Principal Commissioner or Commissioner**
- **shall issue such directions as he deems fit**
- in respect of **declaration of the arrangement**
- **to be an impermissible avoidance arrangement.**

274(4) *(Akin to section 144BA(4) of the Income tax Act,1961)*

- In case the **assessee objects to the proposed action,**
- and the **Principal Commissioner or Commissioner,**
- **after hearing** the assessee in the matter,
- is **not satisfied** with the explanation of the assessee, then,
- he shall make a **reference in the matter to the Approving Panel**
- for the **purpose of declaration of the arrangement**
- **as an impermissible avoidance arrangement.**

274(5) *(Akin to section 144BA(5) of the Income tax Act,1961)*

- If the **Principal Commissioner or Commissioner is satisfied**,
- after **having heard the assessee**
- that the **provisions of Chapter XI** are **not to be invoked**,
- he shall by an **order** in writing,
- **communicate** the same to the **Assessing Officer**
- with a copy to the **assessee**.

274(6) *(Akin to section 144BA(6) of the Income tax Act,1961)*

The **Approving Panel**, on receipt of a reference

from the **Principal Commissioner or Commissioner** under sub-section (4), shall -

(a) **issue such directions, as it deems fit**,

- in respect of the **declaration of the arrangement**
- as an **impermissible avoidance arrangement**
- as per the **provisions of Chapter XI**; and

(b) **specify the tax year or years** to which

- such **declaration of an arrangement**
- as an **impermissible avoidance arrangement** shall apply.

274(7) *(Akin to section 144BA(7) of the Income tax Act,1961)*

- **No direction** under sub-section (6) shall be issued
- unless **an opportunity of being heard**
- is given to the **assessee** and the **Assessing Officer**
- on **such directions** which are
- **prejudicial to the interest of the assessee** or
- the **interests of the revenue,**
- as the case may be.

274(8) *(Akin to section 144BA(8) of the Income tax Act,1961)*

The **Approving Panel** may, before **issuing any direction** under sub-section (6),-

(a) if it is of the **opinion** that any **further inquiry** in the matter is necessary,

- **direct the Principal Commissioner or Commissioner**
- to make such **inquiry or cause the inquiry** to be made
- by **any other income-tax authority** and
- **furnish a report** containing the result of such inquiry to it; or

(b) **call for and examine such records** relating to the matter as it deems fit; or

(c) require **the assessee to furnish such documents and evidence as it may direct.**

274(9) *(Akin to section 144BA(9) of the Income tax Act,1961)*

- If the **members of the Approving Panel**
- **differ in opinion on any point,**
- such **point shall be decided according** to the
- **opinion of the majority of the members.**

274(10) *(Akin to section 144BA(10) of the Income tax Act,1961)*

- The **Assessing Officer**, on **receipt of directions**
- of the **Principal Commissioner or Commissioner** under sub-section (3) or
- of the **Approving Panel** under sub-section (6),
- **shall proceed to complete the proceedings**
- referred to in sub-section (1)
- as per such **directions and the provisions of Chapter XI.**

274(11) *(Akin to section 144BA(11) of the Income tax Act,1961)*

- If any **direction issued** under sub-section (6)
- **specifies** that **declaration of the arrangement**
- as **impermissible avoidance arrangement**
- is **applicable** for **any tax year other than the tax year**
- **to which the proceedings** referred to in sub-section (1) **pertains,** then -

(a) the **Assessing Officer** while **completing**

- **any assessment or reassessment proceedings**
- relevant to **such other tax year**
- **shall do so** as per such **directions and the provisions of Chapter XI**; and

(b) it **shall not be necessary** for him to **seek fresh direction**

- **on the issue** for **such other tax year.**

274(12) *(Akin to section 144BA(12) of the Income tax Act,1961)*

- **No order** of **assessment or reassessment** shall be **passed by the Assessing Officer**
- **without** the **prior approval** of the **Principal Commissioner or Commissioner,**
- if any **tax consequences** have been determined
- in the order under the **provisions of Chapter XI.**

274(13) *(Akin to section 144BA(13) of the Income tax Act,1961)*

- The **Approving Panel** shall, subject to sub-sections (14) and (15),
- **issue directions** under sub-section (6)
- **within six months from the end of the month**
- in which the **reference** under sub-section (4) **was received**.

274(14) *(Akin to Explanation of section 144BA of the Income tax Act,1961)*

In **computing the period** referred to in sub-section (13), the **following** shall be **excluded**:-

(a) the **period commencing** from the **date on which the Approving Panel**

- **first directs** the **Principal Commissioner or Commissioner**
- for **getting the inquiries conducted** through the
- **authority** competent under an **agreement referred to in section 159** and
- **ending with the date on which the information so requested** is
- **last received** by the **Approving Panel or one year, whichever is less**;

(b) the **period commencing on the date on which**

- the **proceeding** of the **Approving Panel is stayed**
- by an **order or injunction of any court** and
- **ending on the date** on which **certified copy of the order**
- **vacating the stay** was received by the **Approving Panel**.

274(15) *(Akin to Explanation and Proviso of section 144BA of the Income tax Act,1961)*

- If immediately **after the exclusion of the period** as per sub-section (14),
- the **remaining period** available to the **Approving Panel**
- for **issue of directions is less than sixty days,**
- such remaining period
- **shall be extended to sixty days** and
- **the period of six months** mentioned in sub-section (13)
- **shall be deemed to have been extended** accordingly.

274(16) *(Akin to section 144BA(14) of the Income tax Act,1961)*

The **directions issued by the Approving Panel** under sub-section (6) shall be **binding on** -

(a) **the assessee**; and

(b) the **Principal Commissioner or Commissioner** and the **income-tax authorities subordinate to him**.

274(17) *(Akin to section 144BA(14) of the Income tax Act,1961)*

- **No appeal under the Act shall lie against directions**
- **issued by the Approving Panel** under sub-section (6),
- irrespective of anything contained in any other provision of the Act.

274(18) *(Akin to section 144BA(15) of the Income tax Act,1961)*

- The **Central Government shall**, for the purposes of this section,
- **constitute one or more Approving Panels** as may be necessary and
- **each panel** shall consist of **three members including a Chairperson.**

274(19) *(Akin to section 144BA(16) of the Income tax Act,1961)*

The **Chairperson of the Approving Panel** shall be a person who is or has been a **judge of a High Court**, and -

(a) **one member** shall be a member of **Indian Revenue Service not below the rank of Principal Chief Commissioner or Chief Commissioner of Income-tax**; and

(b) **one member** shall be **an academic or scholar having special knowledge of matters**, such as **direct taxes, business accounts and international trade practices**.

274(20) *(Akin to section 144BA(17) of the Income tax Act,1961)*

The **term of the Approving Panel** shall **ordinarily be for one year** and may be **extended from time to time up to three years.**

274(21) *(Akin to section 144BA(18) of the Income tax Act,1961)*

- The **Chairperson and members of the Approving Panel**
- **shall meet**, as and when required,
- to **consider the references made to the panel** and
- shall be **paid such remuneration** as may be prescribed.

274(22) *(Akin to section 144BA(19) of the Income tax Act,1961)*

- In addition to the **powers conferred on the Approving Panel** under this section,
- the **powers which are vested** in the **Board for Advance Rulings under section 387**
- shall apply **mutatis mutandis to the Approving Panel.**

274(23) *(Akin to section 144BA(20) of the Income tax Act,1961)*

- The **Board** shall provide to the **Approving Panel**
- **such officials** as may be necessary
- for the **efficient exercise of powers and discharge of functions**
- of the Approving Panel under this Act.

274(24) *(Akin to section 144BA(21) of the Income tax Act,1961)*

- The **Board** may make **rules for the purposes of the constitution** and
- **efficient functioning** of the **Approving Panel** and
- **expeditious disposal** of the **references received** under sub-section (4).

Reference to Dispute Resolution Panel

275(1) *(Akin to section 144C(1) of the Income tax Act,1961)*

- The **Assessing Officer** shall,
- irrespective of anything to the contrary contained in this Act,
- in the **first instance**,
- **forward a draft of the proposed order of assessment**
- (hereafter in this section referred to as the draft order)
- to the **eligible assessee**,
- if he **proposes to make any variation**
- which is **prejudicial to the interest** of such assessee.

275(2) *(Akin to section 144C(2) of the Income tax Act,1961)*

On **receipt of the draft order**, the **eligible assessee** shall,

within thirty days of its receipt by him, -

(a) **file his acceptance of the variations** to the Assessing Officer; or

(b) **file his objections**, if any, to **such variation** with, -

(i) **the Dispute Resolution Panel**; and

(ii) the **Assessing Officer**.

275(3) *(Akin to section 144C(3) of the Income tax Act,1961)*

The **Assessing Officer** shall **complete the assessment on the basis of the draft order**, if-

(a) **the assessee** intimates to the Assessing Officer the **acceptance of the variation**; or

(b) **no objection is received** within the period specified in sub-section (2).

275(4) *(Akin to section 144C(4) of the Income tax Act,1961)*

- The **Assessing Officer** shall, irrespective of anything contained in section 286,
- **pass the assessment order** under sub-section (3)
- **within one month from the end of the month** in which, -

(a) the **acceptance is received**; or

(b) the **period of filing of objections under sub-section (2) expires.**

Amendment of section 275(4).

61. In section 275 of the Income-tax Act,—

(a) for sub-section (4), the following sub-section shall be substituted, namely:—

"(***4)(a) The Assessing Officer shall, irrespective of anything contained in section 286, pass the assessment order under sub-section (3) within one month from the end of the month in which,—***

(i) the acceptance is received; or

(ii) the period of filing of objections under sub-section (2) expires.

(b) Irrespective of anything contained in section 286, where a draft of the proposed order of assessment under sub-section (1) is forwarded within the time period allowed under the said section, further time period available to the Assessing Officer to complete the assessment under sub-section (3) shall be governed by the provisions of this sub-section.";

275(5) *(Akin to section 144C(5) of the Income tax Act,1961)*

- The **Dispute Resolution Panel** shall,
- in a case where any **objection is received** under sub-section (2),
- **issue such directions**, as it thinks fit,
- for **guidance of the Assessing Officer**
- **to enable him to complete the assessment.**

275(6) *(Akin to section 144C(6) of the Income tax Act,1961)*

- The **Dispute Resolution Panel** shall
- **issue the directions** as referred to in sub-section (5),
- in writing, **stating the points of determination,**
- the **decision thereon** and the **reason for such decision**.

275(7) *(Akin to section 144C(7) of the Income tax Act,1961)*

The **Dispute Resolution Panel** may, **before issuing any directions** referred to in sub-section (5),-

(a) make such **further enquiry, as it thinks fit**; or

(b) cause any **further enquiry to be made by any income-tax authority** and **report the result of the same to such panel**.

275(8) *(Akin to section 144C(8) of the Income tax Act,1961)*

- The **Dispute Resolution Panel** may,
- **confirm, reduce or enhance the variations**
- **proposed in the draft order,**
- so however, that it **shall not set aside**
- **any proposed variation**, or
- **issue any direction** under sub-section (5)
- for **further enquiry** and
- **passing of the assessment order**.

275(9) *(Akin to explanation of section 144C(8) of the Income tax Act,1961)*

- For the purposes of sub-section (8),
- the **power of the Dispute Resolution Panel** to **enhance the variation**
- shall include the **power to consider any matter**
- **arising out of the assessment proceedings relating to the draft order,**
- irrespective of the fact that such matter was not raised by the eligible assessee.

275(10) *(Akin to section 144C(9) of the Income tax Act,1961)*

- If the **members of the Dispute Resolution Panel differ in opinion** on any point,
- the point shall be **decided as per the opinion of the majority of the members.**

275(11) *(Akin to section 144C(10) of the Income tax Act,1961)*

- Every **direction issued by the Dispute Resolution Panel**
- shall be **binding on the Assessing Officer.**

275(12) *(Akin to section 144C(11) of the Income tax Act,1961)*

- **No direction** under sub-section (5) shall be issued
- **unless** an **opportunity of being heard**
- is given to the **assessee, and the Assessing Officer,**
- on **such directions which are prejudicial to the interest of the assessee,**
- **or the interest of the revenue,** respectively.

275(13) *(Akin to section 144C(12) of the Income tax Act,1961)*

- **No direction** under sub-section (5) shall be **issued after**
- **nine months from the end of the month**
- in which the **draft order is forwarded** to the **eligible assessee.**

275(14) *(Akin to section 144C(13) of the Income tax Act,1961)*

- Upon **receipt of the directions issued** under sub-section (5),
- the **Assessing Officer** shall,
- in **conformity with the directions, complete,**
- irrespective of anything to the contrary contained in section 286,
- the **assessment without providing any further**
- **opportunity** of being heard **to the assessee,**
- **within one month from the end of the month**
- **in which such direction is received.**

Amendment of section 275(14)

(b) for sub-section (14), the following sub-section shall be substituted, namely:–

"(14)(a) Upon ***receipt of the directions issued*** *under sub-section (5), the* ***Assessing Officer*** *shall, in* ***conformity with the directions, complete,*** *irrespective of anything to the contrary contained in section 286, the* ***assessment without providing any further opportunity*** *of being heard* ***to the assessee, within one month from the end of the month in which such direction is received.***

(b) ***Irrespective of anything contained in section 286, where a draft of the proposed order of assessment under sub-section (1) is forwarded within the time period allowed under section 286, time period available for the Assessing Officer under this sub-section to pass the assessment order upon receipt of the direction issued under sub-section (5), shall be governed by the provisions of sub-section (13) and this sub-section.".***

275(15) *(Akin to section 144C(14) of the Income tax Act,1961)*

- The **Board may make rules** for the purposes of the
- **efficient functioning** of the **Dispute Resolution Panel** and
- **expeditious disposal** of the **objections filed** under sub-section (2)
- by the **eligible assessee.**

275(16) *(Akin to section 144C(14A) of the Income tax Act,1961)*

- The **provisions** of this section **shall not apply**
- to any **assessment or reassessment order**
- **passed by the Assessing Officer** with the **prior approval**
- of the **Principal Commissioner or Commissioner**
- as **provided in section 274(12).**

275(17) *(Akin to section 144C(15) of the Income tax Act,1961)*

For the purpose of this section, subject to the provisions of sub-section(18)-

(a) "**Dispute Resolution Panel**" means a **collegium** comprising of **three Principal Commissioners or Commissioners of Income-tax constituted by the Board for this purpose**;

(b) "**eligible assessee**" means, -

(i) **any person** in whose case the **variation** referred to in sub-section (1) **arises as a consequence of the order of the Transfer Pricing Officer** passed under section 166(6);

(ii) any **non-resident (not being a company), or any foreign company.**

275(18) *(Akin to Proviso of section 144C(15)(b)) of the Income tax Act,1961)*

- The **eligible assessee** referred to in sub-section (17)
- **shall not include person referred to in section 292(1)** or
- **other person referred to in section 295**.

Notes

Section 292 - Assessment of total undisclosed income as a result of search. (Old section 158BA)

Section 295 - Undisclosed income of any other person. (Old section 158BD)

275(19) *(Akin to section 144C(16) of the Income tax Act,1961)*

The provisions of this section **shall not apply** to any proceedings **under Chapter XVI-B.**

Notes

Chapter XVI-B - Special Procedure for Assessment in Search Cases

Method of accounting

276(1) *(Akin to section 145(1) of the Income tax Act,1961)*

- Income chargeable under the head
- "**Profits and gains of business or profession**" or
- "**Income from other sources**" shall,
- subject to the provisions of sub-section (2),
- be **computed as per either cash or mercantile system** of accounting
- **regularly employed by the assessee.**

276(2) *(Akin to section 145(2) of the Income tax Act,1961)*

- The **Central Government** may **notify income computation and disclosure standards**
- to be followed by **any class of assessees** or in respect of any class of income.

276(3) *(Akin to section 145(3) of the Income tax Act,1961)*

The Assessing Officer may **make an assessment** in the manner provided in **section 271,** where -

(a) he is not satisfied about the correctness or completeness of the accounts of the assessee; or

(b) the method of accounting provided in sub-section (1) has not been regularly followed by the assessee; or

(c) income has not been computed as per the standards notified under sub-section (2).

Method of accounting in certain cases

277(1) *(Akin to section 145A of the Income tax Act,1961)*

For the purposes of **determining the income chargeable** under the head **"Profits and gains of business or profession", -**

(i) **the valuation of inventory** shall be made at

- **lower of actual cost or net realisable value**
- computed as per the **income computation and disclosure standards**
- notified under section 276(2);

(ii) **the valuation of purchase and sale of goods or services and valuation of inventory**

- shall be **adjusted to include any tax, duty, cess or fee**
- (by whatever name called) actually **paid or incurred** by the assessee
- to **bring the goods or services to the place of its location** and **condition**
- **as on the date of valuation;**

(iii) the **inventory** being **securities not listed on a recognised stock exchange,** or

- **listed but not quoted on a recognised stock exchange**
- with regularity from time to time,
- shall be **valued at actual cost initially recognised**
- as per the **income computation and disclosure standards**
- notified under section 276(2);

(iv) the **inventory being securities other than those referred to in clause (iii),**

- shall be valued at **lower of actual cost or net realisable value**
- as per the **income computation and disclosure standards**
- notified under section 276(2).

277(2) *(Akin to 1st Proviso of section 145A of the Income tax Act,1961)*

- For the purposes of sub-section (1), **the inventory being securities**
- **held by a scheduled bank or public financial institution**
- shall be **valued** as per the **income computation and disclosure standards**
- notified under section 276(2)
- after taking into account the **extant guidelines issued**
- **by the Reserve Bank of India** in this regard.

277(3) *(Akin to 2nd Proviso of section 145A of the Income tax Act,1961)*

- For the purposes of sub-sections (1) and (2),
- **the comparison of actual cost and net realisable value of securities**
- **shall be made category-wise.**

277(4) *(Akin to Explanation 1 of section 145A of the Income tax Act,1961)*

- For the purposes of this section,
- **any tax, duty, cess or fee**
- (by whatever name called)
- **under any law in force**,
- shall **include all such payment**
- **irrespective of any right arising**
- **as a consequence to such payment.**

277(5) *(Akin to Explanation 2(a) of section 145A of the Income tax Act,1961)*

For the purposes of this section, **"public financial institution"** shall have the same meaning as assigned to it in **section 2(72) of the Companies Act, 2013.**

Taxability of certain income.

278(1) *(Akin to section 145B(1) of the Income tax Act, 1961)*

- Any **interest received** by an assessee
- **on any compensation or on enhanced compensation,**
- shall be **deemed to be the income of the tax year in which it is received,**
- irrespective of anything to the contrary contained in section 276.

278(2) *(Akin to section 145B(2) of the Income tax Act, 1961)*

- Any **claim for escalation of price in a contract or export incentives**
- shall be **deemed to be the income of the tax year**
- in which **reasonable certainty of its realisation is achieved.**

278(3) *(Akin to section 145B(3) of the Income tax Act, 1961)*

- The income referred to in **section 2(49)(w) shall be treated**
- as the **income** of the **tax year** in which it is **received,**
- if **not charged** to income-tax in **any earlier tax year.**

Notes

Section 2(49)(w)

assistance in the form of a subsidy or grant or cash incentive or duty drawback or waiver or concession or reimbursement (by whatever name called) by the Central Government or a State Government or any authority or body or agency, in cash or kind, to the assessee other than-

(i) the subsidy or grant or reimbursement which is taken into account for determination of the actual cost of the asset as per section 39(1)(d) and (3); or

(ii) the subsidy or grant by the Central Government for the purpose of the corpus of a trust or institution established by the Central Government or a State Government

Income escaping assessment

279(1) *(Akin to section 147 of the Income tax Act,1961)*

- If, in the case of an assessee, **any income chargeable to tax**
- has **escaped assessment** for any tax year
- (herein and in sections 280 to 286 referred to as the relevant tax year),
- the Assessing Officer may, **subject to the provisions of sections 280 to 286,**
- **assess or reassess such income or recompute the loss or**
- **the depreciation allowance or any other allowance or deduction**
- for the relevant tax year.

Notes

Section 280 to 286

Section 280 Issue of notice where income has escaped assessment. (Old section 148)

Section 281 Procedure before issuance of notice under section (Old section 148A)

Section 282 Time limit for notices under sections 280 and 281. (Old section 149)

Section 283 Provision for cases where assessment is in pursuance of an order on appeal, etc. (Old section 150)

Section 284 Sanction for issue of notice. (Old section 151)

Section 285 Other provisions. (Old section 152)

Section 286 Time limit for completion of assessment, reassessment and recomputation. (Old section 153)

279(2) *(Akin to explanation and section 147 of the Income tax Act,1961)*

- For the purposes of **assessment or reassessment or recomputation**
- under sub-section (1),
- the **Assessing Officer may assess or reassess the income**
- **in respect of any issue,**
- **which has escaped assessment, and**
- such issue **comes to his notice**
- **subsequently in the course of the proceedings** under this section,
- **irrespective** of the fact that **the provisions of section 281**
- **have not been complied with.**

Amendment of section 279.

*62. **In section 279 of the Income-tax Act, after sub-section (2), the following sub-section shall be inserted**, namely: —*

‘(3) The “Assessing Officer” for the purposes of sections 280 and 281 shall mean to be an Assessing Officer other than the National Faceless Assessment Centre or any assessment unit referred to in section 273(3).’.

Issue of notice where income has escaped assessment.

280(1) *(Akin to section 148(1) of the Income tax Act,1961)*

(a) Before **making the assessment, reassessment or recomputation** under section 279,

- the Assessing Officer shall, **subject to the provisions of section 281,**
- **issue a notice to the assessee, along with a copy of the order**
- **passed under section 281(3);**

(b) the **notice** referred to in clause (a)

- shall **require** the assessee **to furnish,**
- **within such period** as may be specified therein,
- **a return of his income or income of any other person**
- in respect of whom he is assessable under this Act
- during the relevant tax year; and

(c) the **period specified** in the notice referred to in clause (a)

- **shall not exceed three months from the end of the month**
- **in which such notice is issued.**

280(2) *(Akin to section 148(2) of the Income tax Act,1961)*

- The **return of income** required under sub-section (1)
- shall be furnished in such form,
- verified in such manner and
- setting forth such other particulars, as may be prescribed,
- and the **provisions of this Act shall apply accordingly, as if such return**
- **were a return required to be furnished under section 263.**

280(3) *(Akin to Proviso of section 148(2) of the Income tax Act,1961)*

- Any **return of income** required to be furnished under sub-section (1),
- **furnished after the expiry of the period**
- **specified in the notice** under the said sub-section,
- **shall not be deemed to be a return under section 263.**

280(4) *(Akin to 1st Proviso of section 148(1) of the Income tax Act,1961)*

- No **notice under this section**
- shall be issued **unless there is information**
- with **the Assessing Officer** which **suggests**
- **that the income chargeable to tax has escaped assessment**
- in the case of the assessee for the **relevant tax year.**

280(5) *(Akin to 2nd Proviso of section 148(1) of the Income tax Act,1961)*

- **No notice** under this section shall be **issued**
- **without prior approval of the specified authority,**
- **where the Assessing Officer has received –**

(a) **information** under the scheme **notified under section 260; or**
(b) **directions** from the **Approving Panel** under section **274(6); or**
(c) **any finding or direction contained in an order passed**

- **by any authority, Tribunal or court** in **any proceeding under this Act**
- by way of **appeal, reference or revision or**
- **by a Court in any proceeding under any other law.**

Notes

Section 260 *- (Old section 135A)*

Section 274(6) *- (Old section 144BA(6)*

280(6) *(Akin to section 148(3)(1) to (iv) of the Income tax Act,1961)*

- For the purposes of **this section and section 281,**
- **the information** with the Assessing Officer
- **which suggests that the income chargeable to tax has escaped assessment means -**

(a) **any information** in the case of the assessee for the relevant tax year **as per the risk management strategy formulated by the Board** from time to time;

(b) **any audit objection** to the effect that the **assessment** in the case of the assessee for the relevant tax year **has not been made as per this Act;**

(c) **any information** received under an **agreement referred to in section 159 of this Act;**

(d) **any information** made **available to the Assessing Officer under the scheme notified under section 260;**

Notes

Section 159 *- (Old section 90)*

Section 260 *– (Old section 135A)*

(e) **any information** which requires **action in consequence of the order of a Tribunal or a Court;**

(f) any **information** in the case of the assessee **emanating from the survey** conducted under **section 253, other than under sub-section (4) of the said section;**

(g) **any directions** in the case of the assessee **given by the Approving Panel** under section **274(6);**

(h) any **finding or direction contained in an order** passed by **any authority, Tribunal or court in any proceeding under this Act** by way of **appeal, reference or revision, or by a Court in any proceeding under any other law.**

Notes

Section 253(4) *– Power of survey*

Section 253(4) *– (Old section 133A(2A)*

Section 274(6) *– (Old section 144BA(6)*

Procedure before issuance of notice under section 280

281(1) *(Akin to section 148A(1) of the Income tax Act,1961)*

- Where the Assessing Officer **has information**
- which suggests that **income chargeable to tax** has **escaped assessment**
- in the case of an assessee for the relevant tax year,
- he shall, before **issuing** any **notice under section 280**
- **provide an opportunity** of being heard to such assessee by
- **serving upon him a notice to show cause** as to why
- **notice under section 280 should not be issued.**

281(2) *(Akin to section 148A(2) of the Income tax Act,1961)*

- The **notice to show cause** referred to in sub-section (1)
- shall be **accompanied by the information which suggests** that
- **income chargeable to tax has escaped assessment** in his case
- for the relevant tax year,
- and **on receipt of such notice,**
- the **assessee** may **furnish his reply within such period,**
- as specified therein.

281(3) *(Akin to section 148A(3) of the Income tax Act,1961)*

- The **Assessing Officer** shall,
- on the **basis of material available on record** and
- **taking into account the reply of the assessee**
- furnished under sub-section (2),
- if any, **pass an order with the prior approval of the specified authority**
- **determining whether or not**
- **it is a fit case to issue notice under section 280.**

281(4) *(Akin to section 148A(4) of the Income tax Act,1961)*

- The **provisions** of this section **shall not apply**
- **to income chargeable to tax escaping assessment**
- for **any tax year** in the case of an assessee,
- **where the Assessing Officer has received –**

(a) **information under the scheme notified under section 260; or**

(b) **directions issued by the Approving Panel under section 274(6); or**

(c) **any finding or direction contained in an order passed by any authority, Tribunal or court in any proceeding under this Act by way of appeal, reference or revision, or by a Court in any proceeding under any other law.**

Notes

Section 260 *– (Old section 135A)*

Section 274(6) *- (Old section 144BA(6)*

Time limit for notices under sections 280 and 281

282(1) *(Akin to section 149(1) of the Income tax Act,1961)*

No notice under section 280 **shall be issued** for the relevant tax year,-

(a) if four years and three months have elapsed

- from the **end of the relevant tax year,**
- **unless the case falls under clause (b);**

(b) **if four years and three months,**

- **but not more than six years and three months,**
- have **elapsed from the end of the relevant tax year,**
- un**less the Assessing Officer has in his possession**
- **books of account or other documents or evidence**
- **related to any asset or expenditure or transaction or entry**
- which shows that the **income** chargeable to tax,
- which has **escaped assessment,**
- **amounts to or is likely to amount to fifty lakh rupees or more.**

282(2) *(Akin to section 149(2) of the Income tax Act,1961)*

No notice to show cause under section 281 **shall be issued** for the relevant tax year,-

(a) **if four years** have elapsed **from the end of the relevant tax year,**

unless the case falls under clause (b);

(b) **if four years, but not more than six years,**

- **have elapsed from the end of the relevant tax year,**
- **unless the income** chargeable to **tax which** has **escaped assessment,**
- as per the **information with the Assessing Officer,**
- **amounts to or is likely to amount to fifty lakh rupees or more.**

282(3)

- **No notice under section 280 or 281** shall be issued
- **within one year from the end of any tax year.**

Provision for cases where assessment is in pursuance of an order on appeal, etc

283(1) *(Akin to section 150(1) of the Income tax Act,1961)*

- **Irrespective** of anything contained in section **282,**
- **the notice under section 280 may be issued at any time**
- **for the purpose of making an assessment or reassessment or recomputation**
- **in consequence of or to give effect to -**

(a) **any finding or direction contained in an order passed by any authority, Tribunal or court in any proceeding under this Act by way of appeal,**

- **reference or revision or**
- **by a Court in any proceeding under any other law; or**

(b) the directions issued by the Approving Panel under section 274(6).

Notes

Section 280 *– Old section 148*

Section 282 *- Old section 149*

Section 274(6) *- Old section 144BA(6)*

283(2) *(Akin to section 150(2) of the Income tax Act,1961)*

- The provisions of sub-section (1) **shall not apply**
- in any case where any such **assessment, reassessment or recomputation**
- as is referred to in that sub-section **relates to a tax year**
- in respect of which an **assessment, reassessment or recomputation**
- **could not have been made,**
- **by reason of any other provisions limiting the time**
- **within which any action for assessment, reassessment or recomputation may be taken,**
- **at the time when,-**

(a) **the order which was the subject-matter of the appeal, reference or revision, as the case may be, was made; or**

(b) **the reference from the jurisdictional Principal Commissioner or Commissioner is made to the Approving Panel under section 274(4).**

Notes

Section 274(4) - *(Old section 144BA(4))*

Sanction for issue of notice

284 *(Akin to section 151 of the Income tax Act,1961)*

- The **specified authority** for the purposes of **sections 280 and 281**
- shall be the **Additional Commissioner or**
- **the Additional Director or**
- **the Joint Commissioner or**
- **the Joint Director.**

Notes

Section 280 - *(Old section 148)*

Section 281 - *(Old section 148A)*

Other provisions

285(1) *(Akin to section 152(1) of the Income tax Act,1961)*

- In an **assessment, reassessment or recomputation** made under section 279,
- the **tax shall be chargeable at the rate or rates**
- at **which it would have been charged**
- **had the income not escaped assessment.**

Notes

Section 279 - *(Old section 147)*

285(2) *(Akin to section 152(2) of the Income tax Act,1961)*

The proceedings initiated under section 279 **shall be dropped on a claim made by the assessee and on his showing to the effect that -**

(a) the assessee had been **assessed on an amount not lower than what he would be rightly liable for, even if the income alleged to have escaped assessment had been taken into account, or the assessment or computation had been properly made; and**

(b) he has not impugned any part of the original assessment order for the relevant tax year under section 356 or 357 or 378.

Notes

Section 279 - *(Old section 147)*

Section 356 - *(Old section 246)*

Section 357 - *(Old section 246A)*

Section 378 - *(Old section 264)*

285(3) *(Akin to section 152(2) of the Income tax Act,1961)*

- Where a **claim has been made by an assessee** under sub-section (2),
- he **shall not be entitled to reopen matters concluded by an order**
- under section **287 or 288 or 365(10) or 368 or 377.**

Notes

Section 287 - Rectification of mistake *(Old section 154)*

Section 288 - Other amendments. *(Old section 155)*

Section 365(10) - Appeal to High Court. *(Old section 260(1A))*

(10) Where the High Court delivers a judgment in an appeal filed before it under this section, effect shall be given to such order by the Assessing Officer, on the basis of a certified copy of the judgment.

Section 368 - Hearing before Supreme Court. *(Old section 262)*

Section 377 - Revision of orders prejudicial to revenue. *(Old section 263)*

कर सेतु

सरल कानून, सशक्त भारत

FAQs on Interplay and Transition from the Income Tax Act, 1961 to the Income Tax Act, 2025

A. REASSESSMENT FRAMEWORK UNDER THE NEW ACT

Q5.1 What are the provisions for reopening of assessment (income escaping assessment) under the Income-tax Act, 2025?

Ans. The provisions for assessment or reassessment of income which has escaped assessment are contained in Sections 279 to 286 of the Income-tax Act, 2025. These correspond to Sections 147, 148, 148A, 148B, 149, 150, 151, and 153 of the Income-tax Act, 1961. The framework has been streamlined and made more structured:

Subject	Old Act Section	New Act Section
Power to assess/reassess escaped income	147	279
Issue of notice for reassessment	148	280
Procedure before issuance of notice (show cause)	148A	281
Time limit for notices	149	282
Assessment in pursuance of appellate/court orders	150	283
Sanction for issue of notice	151	284
Other provisions (rate of tax, dropping of reassessment proceedings)	152	285
Time limit for completion of assessment, reassessment and recomputation	153	286

Q5.2 Briefly explain the procedure for issuing reopening notice under the Income Tax Act, 2025.

Ans: The procedure for issuing a notice under **section 280** of the Income-tax Act, 2025, where income has escaped assessment for the relevant tax year is briefed as under:

i) **Information** – The assessing officer must have information suggesting income has escaped assessment.

ii) **Show-cause notice** – Before issuing notice u/s 280 of the Act, Assessing officer must provide an opportunity of being heard to the assessee by issuing a show-cause notice under section 281(1) of the new Act, providing the information which suggests that income chargeable to tax has escaped assessment and giving an opportunity to respond within the prescribed time.

iii) **Consider reply** – AO must consider the assessee's response.

iv) **Reasoned order** – Pass an **order under section 281(3) with the prior approval of the Additional commissioner or Joint Commissioner**, deciding whether it is a fit case for reassessment.

v) Issue of **reopening notice under section 280 of the Act.**

Note:

Under some situations as provided in Section 281(4) of the Act, the Assessing officer is not required to follow the procedure provided in section 281 of the Act.

However, even in such cases, the approval of Additional commissioner or Joint Commissioner is mandatory before notice under section 280 is issued.

Q5.3 For the purposes of reopening of assessment under the new Act, what is considered to be 'information suggesting that income has escaped assessment'?

Ans. **Section 280(6)** of the Act provides that following will be considered to be **information suggesting that income has escaped assessment**:

(i) **Information identified** under the **Board's risk management strategy** for the relevant year.

(ii) **Audit objections** indicating the assessment was not done as per the Act.

(iii) **Information** received under **any agreements with the Government of any foreign country or specified territory as referred to section 159 of the Act**.

(iv) **Information made available** to Assessing Officer under any **scheme notified under section 260 of the Act for the purposes of collection of information**.

(v) **Information** requiring **action in consequence of a Tribunal or Court order.**

(vi) Information emanating from surveys conducted under section 253 (except sub-section 4).

(vii) Directions from the Approving Panel under section 274(6).

(viii) Findings or directions contained in an order passed by any authority, Tribunal, or Court in proceedings under the Income Tax Act, 2025 or by a Court in any proceedings under any other law.

Q5.4 Can the AO make any assessment, reassessment or recomputation without issuing a notice to the assessee under section 280 of the new Act?

Ans. No, the AO shall not make any assessment, reassessment or recomputation under section 279 without issuing a notice under section 280 which is corresponding to section 148 of the Income Tax Act, 1961.

Q5.5 In which specific circumstances the Assessing Officer is not required to follow the procedure under section 281, before issuing a notice under section 280 of the new Act?

Ans. As per the provisions of the new Act, generally, the AO shall complete the procedure laid down in section 281 and he shall issue notice under section 280 along with the order under section 281(3).

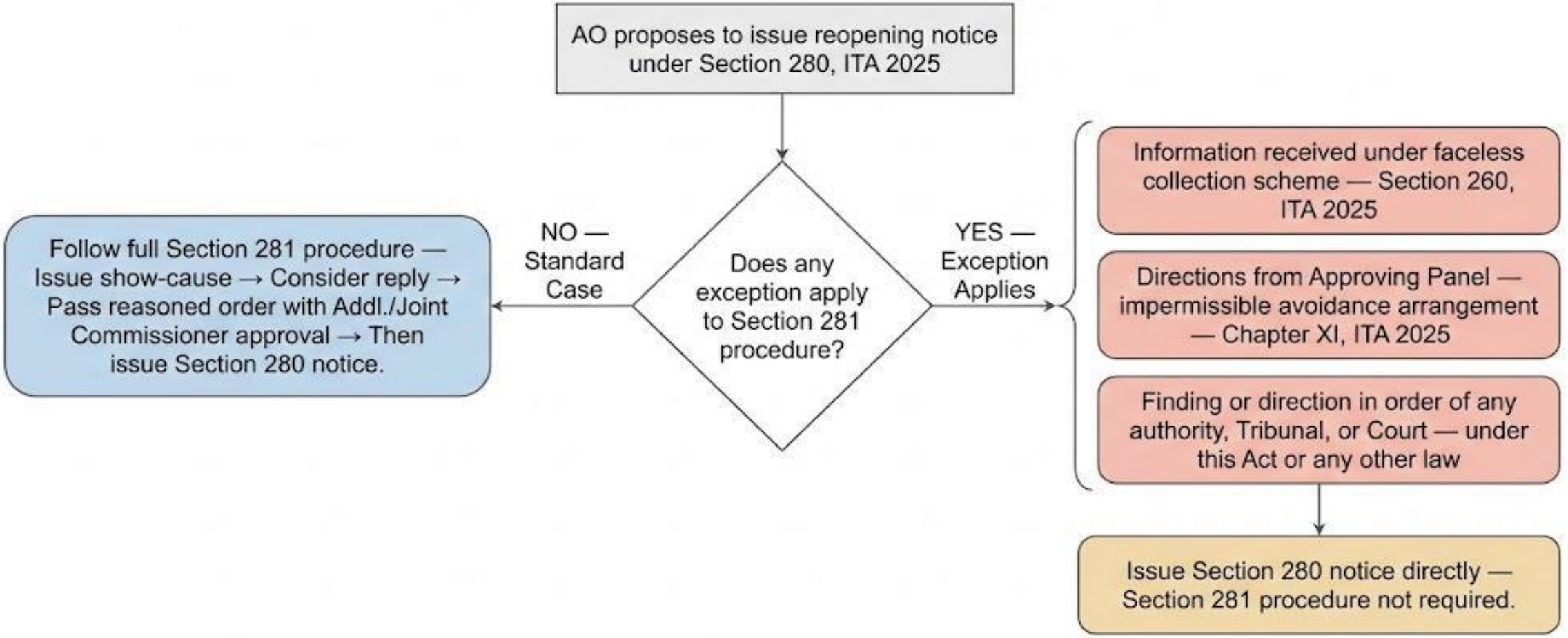
However, the **AO shall skip the procedure laid down in section 281** in the **cases where the AO has received:**

(i) information under the scheme for **faceless collection of information as notified** under **section 260 of the new Act**; or

(ii) **directions** issued by the **Approving Panel** in respect of the **declaration of the arrangement as an impermissible avoidance arrangement** as per the **provisions of Chapter XI,** specifying the tax year or years to which such declaration of an arrangement as an impermissible avoidance arrangement shall apply, **under section 274(6);** or

(iii) **any finding or direction contained in an order passed** by any **authority, Tribunal or court** in any **proceeding under this Act by way of appeal, reference or revision**, or by a **Court in any proceeding under any other law**.

When Can the AO Skip Section 281 Procedure? — Exceptions to Standard Reopening Process



Q5.6 For which tax years will the reassessment provisions of the new Act apply?

Ans. The reassessment provisions of the Income-tax Act, 2025 (Sections 279–286) will apply to Tax Year 2026-27 and subsequent tax years.

For any tax year beginning before 1st April, 2026, only the old Act provisions will apply for reassessment.

Q5.7 What are the time limits under the old Act for issuing reassessment notices for earlier years?

Ans. Under Section 149 of the Income-tax Act, 1961 (as applicable after the amendment vide the Finance Act, 2025):

Time Limit from end of AY	Condition	Monetary threshold
Issuing notice under Section 148A : (as amended w.e.f. 01-09-2024)	If the escaped assessment amounts to or likely to amounts to —	
	(i) less than Rs. 50,00,000	Within 3 years from end of relevant assessment year
	(ii) Rs. 50,00,000 or more	Within 5 years from end of relevant assessment year

Issuing notice under Section 148: (as amended w.e.f. 01-09-2024)	If the escaped assessment amounts to or likely to amounts to —	
	(i) less than Rs. 50,00,000	Within 3 years and 3 months from end of relevant assessment year
	(ii) Rs. 50,00,000 or more	Within 5 years and 3 months from end of relevant assessment year

Q5.8 What are the time limits for issuing reassessment notices under the Income Tax Act, 2025?

Ans. Section 282 of the Income-tax Act, 2025 prescribes the following time limits:

Notice Type	General Time Limit	Extended Time Limit (if the income which has escaped assessment is likely to be Rs. 50 lakh or more)
Notice u/s 281 (show cause notice)	4 years from end of Tax Year	6 years from end of Tax Year
Notice u/s 280 (reassessment notice)	4 years and 3 months from end of Tax Year	6 years and 3 months from end of Tax Year

Additionally, Section 282(3) provides that no notice under Section 280 or 281 shall be issued within one year from the end of any tax year.

Time Limits for Reassessment Notices — ITA 1961 vs. ITA 2025

Notice Type	Condition	ITA 1961 — Section 149 Time Limit	ITA 2025 — Section 282 Time Limit
Show-cause / Pre-notice (148A / Section 281)	Escaped income ≤ ₹50 lakhs	Within 3 years from end of AY	Within 4 years from end of Tax Year
Show-cause / Pre-notice (148A / Section 281)	Escaped income > ₹50 lakhs	Within 5 years from end of AY	Within 6 years from end of Tax Year
Reassessment notice (Section 148 / Section 280)	Escaped income ≤ ₹50 lakhs	Within 3 years 3 months from end of AY	Within 4 years 3 months from end of Tax Year
Reassessment notice (Section 148 / Section 280)	Escaped income > ₹50 lakhs	Within 5 years 3 months from end of AY	Within 6 years 3 months from end of Tax Year

Q5.9 What is the time limit for completion of reassessment under the Income Tax Act, 2025?

Ans. **Section 286(1) [**Table: Sl. No. 4] provides that the **reassessment order under Section 279 must be passed within one year from the end of the financial year in which the notice under Section 280 was served.**

Various extensions and exclusions are provided for specific situations (e.g., transfer pricing references, ITAT/court stay orders, etc).

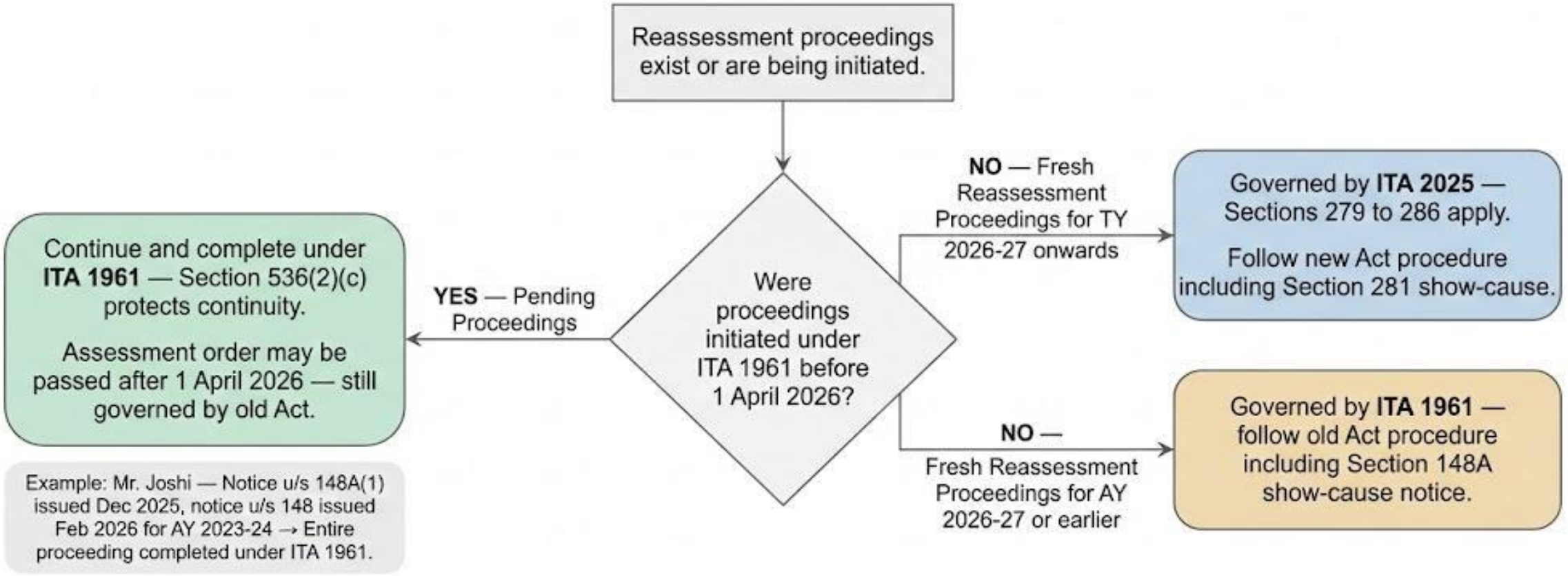
B. TRANSITION - REASSESSMENT OF ASSESSMENT YEARS GOVERNED BY THE OLD ACT

Q5.10 If reassessment proceedings for an earlier assessment year were initiated under Section 147/148 of the old Act and are pending as on 01.04.2026, will they continue under the old Act?

Ans. Yes. Section 536(2)(c) of the Income-tax Act, 2025 expressly provides that the provisions of the repealed Act shall continue to apply to any proceeding pending on the date of commencement of the new Act. **Therefore, reassessment proceedings already initiated under the old Act will continue to be governed by the provisions of the Income Tax act, 1961.**

Example: The Assessing Officer issued a notice under Section 148A(1) of the old Act to Mr. X for AY 2023-24 in December 2025 and subsequently issued a notice under Section 148 in February 2026. The reassessment will be completed under the old Act, even though the assessment order may be passed after 01.04.2026.

Governing Act for Reassessment Proceedings — Pending vs. Fresh as on 1 April 2026



Q5.11 After 01.04.2026, can the Income-tax Department initiate fresh reassessment proceedings for earlier assessment years (such as AY 2022–23 or AY 2024–25) under the old Act?

Ans. Yes, **even after 1 April 2026, proceedings such as assessment, reassessment, rectification, penalty, revision, etc. can still be initiated and completed under the old Act for earlier Assessment Years till A.Y.2026-27**.

For example, in FY 2027-28, the department can reopen an assessment for AY 2023–24 under the old Act, if the conditions regarding reopening as prescribed in the Income Tax Act, 1961 are met.

Q5.12 If a notice under Section 148A (1) of the old Act was issued before 01.04.2026, but the notice under Section 148 is yet to be issued, can it be issued after 01.04.2026?

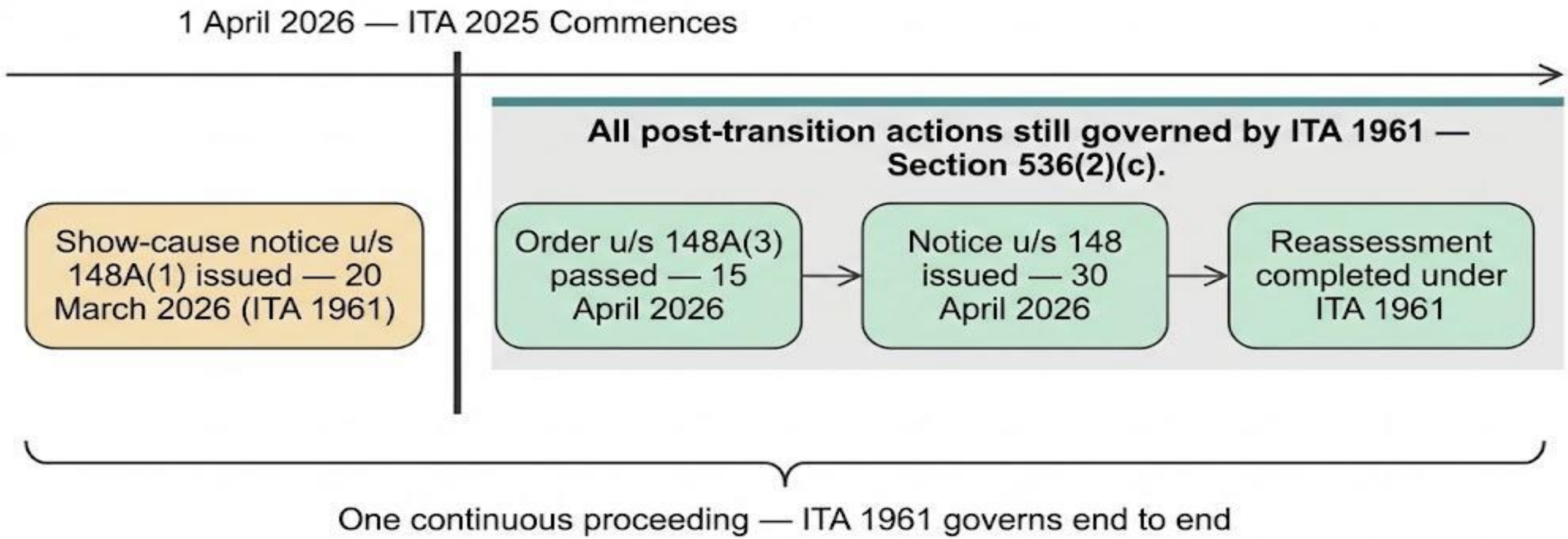
Ans. Yes. **Section 536(2)(c)** of the Income-tax Act, 2025 expressly provides that the **provisions of the repealed Act shall continue to apply to any proceeding pending on the date of commencement of the new Act.**

Since the **proceedings were initiated** under the Income-tax Act, **1961 through issuance of a notice under section 148A (1),** the **entire sequence of consequential actions** - including the **order under section 148A (3) and notice under section 148 - shall be governed by the provisions of the 1961 Act.**

However, **such continuation** is **subject to compliance with the limitation period prescribed under section 149 of the Income Tax Act, 1961.**

Example: The AO issued a show cause notice under Section 148A(1) to a taxpayer for AY 2022-23 on 20th March, 2026. After considering his response, the AO passes an order under Section 148A (3) on 15th April, 2026 and issues the notice under section 148 of the old Act on 30th April, 2026. All these actions are valid even though the new Act commences on 1st April, 2026.

Section 148A(1) Notice Issued Before 1 April 2026 — Entire Sequence Governed by ITA 1961



Q5.13 After the new Act comes into force on 01.04.2026, whose approval will be required to issue reassessment notices for AY 2026–27 or any earlier assessment year?

Ans. Since the **assessment proceedings for AY 2026–27 or for any earlier assessment year** are governed by the old Act, the approval hierarchy prescribed in Section 151 of the old Act will apply and therefore, **Additional Commissioner, Additional Director, Joint Commissioner or Joint Director is the specified authority for the purposes of section 148 and 148A of the Income Tax Act, 1961.**

Q5.14 If a reassessment notice under Section 148 of the old Act was issued for AY 2022-23 in February 2026, and the assessee has not yet furnished the return in response, can the return be filed after 01.04.2026?

Ans. Yes. Since the **entire reassessment proceeding is governed by the old Act (as per Section 536(2)(c))**, the assessee must furnish **the return in response to the Section 148 notice** under the **old Act's framework**, within the **time specified** in the notice, **not exceeding three months from the end of the month in which notice under section 148 is issued**.

The **form in which ITR is to be filed** will be **corresponding to the Income Tax Act, 1961**.

Q5.15 Can the Assessing Officer simultaneously conduct reassessment for AY 2024-25 (under the old Act) and assessment for Tax Year 2026-27 (under the new Act) for the same assessee?

Ans. Yes. These are **independent proceedings under two different Acts for two different income periods.**

The Department **can run parallel proceedings where necessary.**

The **old Act will govern the reassessment proceedings for AY 2024-25** while the **new Act will govern the assessment proceedings for TY 2026-27.**

Q5.16 Which Act will govern the penalty proceedings relating to any tax year beginning before 1st April, 2026?

Ans. **Section 536(2)(d)** expressly provides that any proceeding for **imposition of penalty for any tax year beginning before 1st April, 2026** may be **initiated and the penalty imposed under the old Act,** as if the new Act had not been enacted.

Therefore, **penalties arising from reassessment of earlier years** will follow the **framework for penalties as provided in the Income Tax Act, 1961.**

Time limit for completion of assessment, reassessment and recomputation

286(1) *(Akin to provisos of section 153(1), (2) and (3) of section 153(1) to 153(8) of the Income tax Act,1961)*

- **No order** in respect of proceedings mentioned in **column B of the Table** below
- **shall be made after expiry of the period**
- **specified** in the corresponding entry **in column D of the said Table** and
- **such period** shall be **calculated from the date as mentioned in column C thereof.**

Sl. No.	Nature of Proceedings or orders	Date from which time limit for completion is to be calculated	Time limit for completion
A	B	C	D
1.	Assessment order under section 270(10) or section 271.	End of the financial year succeeding the relevant tax year for which assessment is made.	One year.
2.	Assessment order under section 270(10) or 271, where an updated return of income is furnished under section 263(6).	End of the financial year in which such updated return was furnished.	One year.
3.	Assessment order under section 270(10) or 271, where return is furnished in consequence of order under section 239(3)(b).	End of the financial year in which such return was furnished.	One year.

Sl. No.	Nature of Proceedings or orders	Date from which time limit for completion is to be calculated	Time limit for completion
A	B	C	D
4.	Assessment, reassessment or recomputation order under section 279.	End of the financial year in which notice under section 280 was served.	One year.
5.	Fresh assessment order or fresh order under section 166 in pursuance to an order under section 359, or 363, or 377, or 378, setting aside or canceling an assessment order or an order under section 166.	End of the financial year in which order under section 359 or 363 is received by, or order under section 377 or 378 is passed by, the jurisdictional Principal Commissioner or Commissioner.	One year.
6.	Assessment or reassessment which Stands revived,as per section 292.	End of the month in which such assessment or reassessment stands revived.	One year.
7.	Assessment required to be made in the hands of partner, in consequence of an assessment made on the firm under section 279.	End of the month in which assessment order in the case of firm is passed.	One year.

Sl. No.	Nature of Proceedings or orders	Date from which time limit for completion is to be calculated	Time limit for completion
A	B	C	D
8.	Assessment, reassessment or recomputation required to be made on the assessee or any person in consequence of or to give effect to any finding or direction contained in an order - (i) under section 359 or 363 or 365(10), or 368, or 377 or 378; or (ii) of any Court in a proceeding otherwise than by way of appeal or reference under this Act.	End of the month in which such order is received, or passed, by the jurisdictional Principal Commissioner or Commissioner.	One year.
9.	Order giving effect to an order under section 359 or 363 or 365(10) or 368 or 377 or 378, otherwise than by making a fresh assessment or reassessment or fresh order under section 166, where - (i) verification of any issue by way of submission of any document by the assessee or any other person is to be carried out; or (ii) an opportunity of being heard is to be given to the assessee.	End of the month in which order under section 359 or 363 or 365(10) or 368 is received, or order under section 377 or 378 is passed, by the jurisdictional Principal Commissioner or Commissioner.	One year.

Sl. No.	Nature of Proceedings or orders	Date from which time limit for completion is to be calculated	Time limit for completion
A	B	C	D
10	Order giving effect to an order under section 359 or 363 or 365(10) or 368 or 377 or 378 otherwise than by making a fresh assessment or reassessment or fresh order under section 166.	End of the month in which order under section 359 or 363 or 365(10) or 368 is received by, or order under section 377 or 378 is passed by, the jurisdictional Principal Commissioner or Commissioner.	Six months, extendable to nine months with the approval of authorities as per section 2(62) and (64).
11.	Modification of assessment, reassessment or recomputation to give effect to the order passed under section 166 read with section 377.	End of the month in which such order under section 166 is received by the Assessing Officer.	Two months.

286(2) *(Akin to section 153(4) of the Income tax Act,1961)*

- **Time limit for completion of any assessment or reassessment**
- as provided in sub-section (1),
- in a case **where reference is made to the**
- **Transfer Pricing Officer for determining the arm's length price** under section 166(1),
- **shall be extended by an additional period of twelve months.**

Notes

Section 166(1) *– Old Section 92CA(1)*

Amendment of section 286.

63. In section 286 of the Income-tax Act, for sub-section (2), the following sub-section shall be substituted, namely:—

"(2)(a) Time limit for completion of any assessment or reassessment as provided in sub-section (1) [**Table: Sl No. 1 to 4]**, in a case where reference is made to the Transfer Pricing Officer for determining the arm's length price under section 166(1), shall be extended by an additional period of twelve months.

(b) In terms of provisions of sub-section (1) [Table: Sl No. 1 to 4] and this sub-section, the draft of the proposed order of assessment referred to in section 275 shall be made at any time up to the time limit of assessment, reassessment or recomputation referred to in the said Table and this sub-section.".

286(3) *(Akin to explanation 1 of section 153 of the Income tax Act,1961)*

For the purposes of this section, in **computing the time limit for completion,** the following **period shall be excluded,-**

(a) the time taken in reopening the whole or any part of the proceeding on request of the assessee or in giving an opportunity to the assessee to be re-heard under section 244; or

(b) the period commencing on the date on which stay on assessment proceeding was granted by an order or injunction of any court and ending on the date on which certified copy of the order vacating the stay was received by jurisdictional Principal Commissioner or Commissioner; or

(c) the period commencing from the date on which the Assessing Officer intimates the Central Government or the prescribed authority, the contravention of the provisions of Schedule III (Table: Sl. No. 23, 24, 25) or section 270(11)(i), and ending with the date on which the copy of the order withdrawing the approval or rescinding the notification, as the case may be, under those provisions is received by the Assessing Officer; or

Notes

Section 244 - *Old Section 129*

Section 270(11)(i) - *Old Section 143(3)*

New section 270(11) In the case of entities referred to in sub-section (12), which are required to furnish the return of income under section 263(1)(a)(iv), no order under sub-section (10) making an assessment of the total income or loss of any such entity shall be made by the Assessing Officer, without giving effect to the provisions of section 11, unless -

(i) the Assessing Officer has intimated the Central Government or the prescribed authority the contravention of the provisions mentioned in Schedule III (Table: Sl. No. 23, 24 or 25), by such entity, where in his view such contravention has taken place; and

(d) the period commencing from the date on which the Assessing Officer directs the assessee to get his accounts audited or inventory valued under section 268(5) and -

(i) ending with the last date on which the assessee is required to furnish a report of such audit or inventory valuation under that section; or

(ii) where such direction is challenged before a court, ending with the date on which the order setting aside such direction is received by the Principal Commissioner or Commissioner; or

(e) the period commencing from the date on which the Assessing Officer makes a reference to the Valuation Officer under section 269(1) and ending with the date on which the report of the Valuation Officer is received by him; or

Notes

Section 268(5) *– Old Section 142A(2A)*

Section 269(1) *- Old Section 142A(1)*

(f) the period (not exceeding sixty days) commencing from the date on which the Assessing Officer received the declaration under section 375(1) and ending with the date on which the order under section 375(3) is made by him; or

(g) the period commencing from the date on which an application is made before the Board for Advance Rulings under section 383(1) and ending with the date on which the order either rejecting the application or the advance ruling pronounced by it, is received by the jurisdictional Principal Commissioner or Commissioner under section 384(5) or (8), as the case may be; or

Notes

Section 375(1) *- (Old Section 158A(1))*

Section 375(3) *– (Old Section 158A(3))*

Section 383(1) *– (Old section 245Q(1))*

Section 384(5) or 384(8) *– (Old section 245R(3))*

(h) the period commencing from the date on which a reference or first of the references for exchange of information is made by an authority competent under an agreement referred to in section 159 and ending with the date on which the information requested is last received by the jurisdictional Principal Commissioner or Commissioner, or one year, whichever is less; or

(i) the period commencing from the date on which a reference for declaration of an arrangement to be an impermissible avoidance arrangement is received by the jurisdictional Principal Commissioner or Commissioner under section 274(1) and ending on the date on which a direction under sub-section (3) or (6) or an order under sub-section (5) of the said section is received by the Assessing Officer; or

Notes

Section 159 *– (Old Section 90)*

Section 274(1) *– (Old Section 144)*

(j) the period commencing from the date on which the Assessing Officer makes a reference to the jurisdictional Principal Commissioner or Commissioner under section 270(13) and section 351(2)(ii)(A) or (B), is received by the Assessing Officer.

Notes

Section 270(13) *– (Old section 143(3))*

Section 351(2)(ii)(A) or (B) *– (Old section 12AB)*

286(4) *(Akin to explanation 1, 1st proviso of section 153 of the Income tax Act,1961)*

- Where immediately after exclusion of the period as mentioned in sub-section (3),
- the remaining period for completion available to the Assessing Officer,
- as specified in sub-section (1),
- for making an order of assessment, reassessment or re computation,
- is less than sixty days,
- such remaining period shall be extended to sixty days and
- the aforesaid time limits for completion
- shall be deemed to have been extended accordingly.

286(5) *(Akin to explanation 1, 2nd proviso of section 153 of the Income tax Act,1961)*

- Where the period available to the Transfer Pricing Officer is extended to sixty days as per section 166(8) and
- the remaining period for completion available to the Assessing Officer under this section,
- for making an order of assessment, reassessment or re computation,
- is less than sixty days,
- such remaining period shall be extended to sixty days and
- the aforesaid time limit for completion
- shall be deemed to have been extended accordingly.

Notes

Section 166(8) *- (Old Section 92CA(3A))*

286(6) *(Akin to explanation 1, 3rd proviso of section 153 of the Income tax Act,1961)*

- Where a proceeding before the Interim Board for Settlement abates under section 245HA of the Income-tax Act, 1961 and
- the remaining period of limitation available to the Assessing Officer under this section
- for making an order of assessment, reassessment or re computation,
- after the exclusion of the period under section 245HA(4) of the Income-tax Act, 1961,
- is less than one year,
- such remaining period shall be deemed to have been extended to one year; and
- for the purposes of determining the period of limitation under sections 282, 287, 288 and 296 and
- for the purposes of payment of interest under section 437,
- this sub-section shall also apply accordingly.

Notes

Section 245HA(4) *– (4) For the purposes of the time-limit under sections 149, 153, 153B, 154, 155, 158BE and 231 and for the purposes of payment of interest under section 243 or 244 or, as the case may be, section 244A, for making the assessment or reassessment under sub-section (2), the period commencing on and from the date of the application to the Settlement Commission under section 245C and ending with "specified date" referred to in sub-section (1) shall be excluded; and where the assessee is a firm, for the purposes of the time-limit for cancellation of registration of the firm under sub-section (1) of section 186, the period aforesaid shall, likewise, be excluded.*

Sections 282 - *(Old Section 149)*

Section 287 - *(Old Section 154)*

Section 288 - *(Old Section 155)*

Section 296 - *(Old Section 158BE)*

Section 437 - *(Old Section 244A)*

286(7) *(Akin to explanation 1, 6th proviso of section 153 of the Income tax Act,1961)*

- In a case where the remaining time period for making
- an order of regular assessment or reassessment,
- after excluding the time period specified in sub-section (3)(j),
- ends before the end of the month, the remaining period
- shall be extended to the end of such month, and
- the specified time limit for completion
- shall be deemed to have been extended accordingly.

286(8) *(Akin to explanation 2 of section 153 of the Income tax Act,1961)*

For the purposes of this section and section 283, where by an order referred to in entry in sub-section (1) (Table: Sl. No. 8.A) -

(i) any income is excluded from the total income of the assessee for a tax year, then, an assessment of such income for another tax year shall be deemed as one made in consequence of or to give effect to any finding or direction contained in the said order; or

(ii) any income is excluded from the total income of one person and held to be the income of another person, then, an assessment of such income on such other person shall be deemed as one made in consequence of or to give effect to any finding or direction contained in the said order, if such other person was given an opportunity of being heard before the said order was passed.

Notes

Section 283 *- (Old section 150)*

Rectification of mistake.

287(1) *(Akin to section 154(1) of the Income tax Act,1961)*

An **income-tax authority** referred to in section 236, **for rectifying any mistake apparent from the record,** may **amend** any—

(a) **order passed by it under the provisions of this Act;**

(b) **intimation or deemed intimation under section 270(1);**

(c) **intimation under section 399.**

Notes

Section 236 *- (Old section 116)*

Section 270 *- (Old section 143(1))*

Section 399 *- (Old section 206)*

287(2) *(Akin to section 154(1A) of the Income tax Act,1961)*

- Irrespective of anything contained in any law in force,
- the **authority** concerned may, **amend any order** or intimation under sub-section (1) in relation to any matter,
- **other than the matter considered and decided in any proceeding**
- **by way of appeal or revision,**
- **relating to such order or intimation.**

287(3) *(Akin to section 154(2) of the Income tax Act,1961)*

Subject to the other provisions of this section, the **authority concerned, -**

(a) **may make an amendment under sub-section (1) of its own motion; and**

(b) **shall make such amendment for rectifying any such mistake which has been brought to its notice by -**

(i) **the assessee or the deductor or the collector; or**

(ii) **the Assessing Officer, if the authority concerned is the Joint Commissioner (Appeals) or the Commissioner (Appeals).**

287(4) *(Akin to section 154(3) of the Income tax Act,1961)*

No amendment that enhances an assessment, reduces a refund or otherwise increases the liability of the assessee or the deductor or the collector,

shall be made under this section **by the authority concerned**

without giving to such assessee or deductor or collector, as the case may be,-

(a) a notice of its intention of making such amendment; and

(b) a reasonable opportunity of being heard.

287(5) *(Akin to section 154(4) of the Income tax Act,1961)*

- The **income-tax authority concerned**
- **shall pass an order in writing,**
- **if an amendment is made under this section.**

287(6) *(Akin to section 154(5) of the Income tax Act,1961)*

- The **Assessing Officer shall make refund**
- which may be due to the assessee or the deductor or the collector,
- where an **amendment reduces the assessment or otherwise**
- **reduces the liability** of such assessee or the deductor or the collector.

287(7) *(Akin to section 154(6) of the Income tax Act, 1961)*

The Assessing Officer shall **serve on the assessee or the deductor or the collector,** a **notice of demand** in such form as may be prescribed **specifying the sum payable,-**

(a) where an **amendment enhances the assessment or reduces a refund already made** or otherwise **increases the liability** of such assessee or the deductor or the collector; and

(b) **such notice shall be deemed** to be issued under **section 289** and the provisions of this Act shall apply accordingly.

Notes

Section 289 *– (Old section 156)*

287(8) *(Akin to section 154(7) of the Income tax Act,1961)*

- **No amendment** under this section, **except as provided in section 288,**
- **shall be made after four years from the end of the financial year**
- in which the **order or intimation sought to be amended was passed.**

287(9) *(Akin to section 154(8) of the Income tax Act,1961)*

- Subject to sub-section (8), an **income-tax authority** referred to in sub-section (1),
- **shall pass an order for making the amendment** or **refusing to allow the claim**
- **within six months from the end of the month**
- in which the **application for amendment**
- under this section is **received** by it
- from the assessee or the deductor or the collector.

Other amendments

288(1) *(Akin to explanation and proviso of section 155(1A) to 155(20) of the Income tax Act,1961)*

- The Assessing Officer, **may carry out such actions** as are specified in **column B** of the Table below
- for **reasons mentioned therein,**
- subject to the **conditions as specified** in **column C,**
- **within four years** referred to in section 287(8)
- which shall be **reckoned from the time** as specified in **column D,** and
- the provisions of section 287 shall, so far as may be,
- apply to such amendment:-

Notes

Section 287(8) *– (Old Section 154(7))*

Section 287(8) *– (Old Section 154)*

Sl. No.	Actions	Conditions	Time
A	B	C	D
1.	Amendment of order of assessment of the partner of a firm so as to adjust the income of the partner corresponding to the amount not deductible under section 35(e).	Where any remuneration to any partner determined in completed assessment of the firm is subsequently found not deductible under section 35(e) in terms of - (a) assessment or reassessment of the firm; or (b) any reduction or enhancement made in the income of the firm under this section or section 287 or 359 or 363 or 365 or 368 or 377 or 378; or (c) any order passed under section 245D (4) of the Income-tax Act, 1961 (43 of 1961) on the application made by the firm.	From the end of the financial year in which the subsequent order was passed in the case of the firm.

Sl. No.	Actions	Conditions	Time
A	B	C	D
2.	Amendment of order of assessment of the member of an association of persons or of a body of individuals; so as to include the share of the member in the assessment or the corrections thereof.	Where the share of the member in the income of the association of persons or body of individuals determined in completed assessment is subsequently found not included in the assessment of the member or, if included, is not correct in terms of – (a) assessment or reassessment of the association or body; (b) any reduction or enhancement made in the income of the association or body under this section or section 287 or 359 or 363 or 365 or 368 or 377 or 378; or (c) any order passed under section 245D (4) of the Income-tax Act, 1961 (43 of 1961) on the application made by the association or body.	From the end of the financial year in which the subsequent order was passed in the case of the association or body.

Sl. No.	Actions	Conditions	Time
A	B	C	D
3.	Total income of the assessee in respect of succeeding year or years referred to in column C, to be recomputed and necessary amendment made consequent to proceedings initiated under section 279 for any tax year.	Where there is Re computation of loss or depreciation for any tax year, and in consequence to such re computation, the total income of the assessee for the succeeding year or years to which the loss or depreciation allowance has been carried forward and set off under the provisions of section 111(1) or 112(1) or 113(2) or 115(1) is required to be recomputed.	From the end of the financial year in which the order under section 279 was passed.

Sl. No.	Actions	Conditions	Time
A	B	C	D
4.	The total income of the transferor company for the tax year referred to in column C, to be recomputed and necessary amendment made.	Where in the assessment for any tax year, - (a) the capital gain arising from the transfer of a capital asset is not charged under section 67 in terms of section 70(1)(c) or (d); (b) such gains are deemed under section 71(1) as "Capital gains" of the tax year in which the transfer took place at any time before the expiry of the period of eight years from the date of such transfer by reason of– (i) such capital asset being converted by the transferee company into, or being treated by it, as stock-in-trade of its business; or (ii) the parent company or its nominees or, the holding company ceasing to hold the whole of the share capital of the subsidiary company.	From the end of the year - (i) in which the capital asset was converted or treated as stock-in-trade; or (ii) in which the parent company or its nominees or, the holding company ceased to hold the whole of the share capital of the subsidiary company.

Sl. No.	Actions	Conditions	Time
A	B	C	D
5.	The order of assessment to be amended; so as to exclude the capital gain not chargeable to tax under any of the sections referred to in section 89.	Where in the assessment for any tax year, a capital gain on transfer of original asset, referred to in section 89 is charged to tax and within the period extended under that section - (a)the assessee acquires the new asset referred to in that section; or (b)deposits or invests such capital gain.	

Sl. No.	Actions	Conditions	Time
A	B	C	D
6.	The order of assessment to be amended to allow deduction in respect of such income or part thereof as is so received in, or brought into, India.	Where in the assessment for any year, any deduction under section 144 has not been allowed on the ground that - (a) such income has not been received in convertible foreign exchange in India; or (b) such income having been received in convertible foreign exchange outside India, or having been converted into convertible foreign exchange outside India, has not been brought into India, by or on behalf of the assessee with the approval of the Reserve Bank of India or such other authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange, and subsequently such income or part thereof has been or is received in, or brought into, India as required for the deduction.	From the end of the financial year in which such income is so received in, or brought into, India.

Sl. No.	Actions	Conditions	Time
A	B	C	D
7.	The order of assessment or any intimation or deemed intimation under section 270(1), to be amended, to give credit for income tax for the year in which such income is offered to tax or assessed to tax in India.	Where in the assessment for any tax year or in any intimation or deemed intimation under section 270(1) for any tax year, - (a) credit for income-tax paid in any country outside India or a specified territory outside India referred to in Chapter IX-B has not been given on the ground that the payment of such tax was under dispute; And	From the end of the financial year in which such dispute is settled.

Sl. No.	Actions	Conditions	Time
A	B	C	D
8.	The order of assessment to be amended to compute the capital gain by taking the full value of the consideration to be the value as so revised in appeal or revision or reference.	Where, in the assessment for any year, a capital gain arising from the transfer of a capital asset, being land or building or both, is computed - (a) by taking the full value of the consideration received or accruing as a result of the transfer to be the value adopted or assessed by any authority of a State Government for the purpose of payment of stamp duty as per section 78(1); and (b) subsequently such value is revised in any appeal or revision or reference referred to in section 78(2)(b).	From the end of the financial year in which the order revising the value was passed in appeal or revision or reference.

Sl. No.	Actions	Conditions	Time
A	B	C	D
9.	The order of assessment to be amended to compute the capital gain by taking the compensation or consideration as so reduced by the court, Tribunal or any other authority to be the full value of consideration.	(a) Where in the assessment for any year, a capital gain arising from the transfer of a capital asset being a transfer referred to in clause (b) is computed - (i) by taking the compensation or consideration as referred to in section 67(12)(a) or, as the case may be, the compensation or consideration enhanced or further enhanced as referred to in section 67(12)(b), to be the full value of consideration deemed to be received or accruing as a result of the transfer of the asset; and (ii) Subsequently such compensation or consideration is reduced by any court, Tribunal or other authority.	From the end of the financial year in which the order reducing the compensation was passed by the court, Tribunal or other authority.

Sl. No.	Actions	Conditions	Time
A	B	C	D
		(b) The transfer and consideration referred to in clause (a) shall be,— (i)Transfer by way of compulsory acquisition under any law; (ii)consideration that was determined or approved by the Central Government or the Reserve Bank of India.	

Sl. No.	Actions	Conditions	Time
A	B	C	D
10.	Re computation of the total income to disallow the deduction allowed under section 152.	Where a deduction has been allowed to an assessee in any tax year under section 152 in respect of any patent, and subsequently by an order of the Controller or the High Court under the Patents Act, 1970 (39 of 1970), - (a) the patent was revoked, or (b) the name of the assessee was excluded from the patents register as patentee in respect of that patent, the deduction from the income by way of royalty attributable to the period during which the patent had been revoked or the period for which name of the assessee was excluded as patentee in respect of that patent, shall be deemed to have been wrongly allowed.	From the end of the financial year in which the order of the Controller under section 2(1)(b), or the High Court under section 2(1)(i), of the Patents Act, 1970 (39 of 1970), was passed.

Sl. No.	Actions	Conditions	Time
A	B	C	D
11.	Amendment of the order of assessment or any intimation to allow credit of such tax deducted at source in the tax year referred to in column C, and the credit of such tax deducted at source not to be allowed in any other tax year.	(a) Where any income has been included in the return of income furnished by an assessee under section 263 for any tax year, and tax on such income has been deducted at source and paid to the credit of the Central Government as per the provisions of Chapter XIX-B in a subsequent tax year; and (b) an application is made by an assessee in such form, as may be prescribed, within two years from the end of the tax year in which such tax was deducted at source.	From the end of the financial year in which such tax has been deducted.

288(2) *(Akin to proviso of section 155(21) of the Income tax Act,1961)*

(a) Where the arm's length price is determined in relation to an international transaction or a specified domestic transaction under section 166(6) for any tax year and the Transfer Pricing Officer has declared that an option exercised by the assessee is valid under section 166(9) in respect of such transaction for two consecutive tax years immediately following such tax year, the Assessing Officer shall proceed to recompute the total income of the assessee for the said two consecutive tax years, by amending the order of assessment or any intimation or deemed intimation under section 270(1), as the case may be,-

(i) in conformity with the arm's length price so determined by the Transfer Pricing Officer under section 166(12) in respect of such transaction; and

(ii) taking into account the directions issued under section 275(5), if any, for such tax year,

within three months from the end of the month in which the assessment is completed in the case of the assessee for such tax year, and the provisions of sections 165(7) and (8) shall apply thereto.

(b) Where the order of assessment or any intimation or deemed intimation under section 270(1) as referred to in sub-section (1), for the said two consecutive tax years is not made within the said three months, such re computation shall be made within three months from the end of the month in which such order of assessment or any intimation or deemed intimation under section 270(1), as the case may be, is made.

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Application under section 288(1) [Table: Sl. No. 11] regarding credit of tax deduction at source.

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(1) The application required to be made by the assessee under section 288(1) [Table: Sl. No. 11] shall be in Form No. 102.

(2) Form No. 102 shall be furnished to the Director General of Income-tax (Systems) or the person authorised by him.

(3) The Director General of Income-tax (Systems) or any person authorised by him shall forward Form No. 102 to the Assessing Officer.

Notice of demand

289(1) *(Akin to section 156(1) of the Income tax Act,1961)*

When any **tax, interest, penalty, fine or any other sum is payable** in **consequence of any order passed under this Act,** the **Assessing Officer shall serve upon the assessee a notice of demand** in such form, as may be prescribed, specifying the sum so payable.

289(2) *(Akin to proviso and section 156(1) of the Income tax Act,1961)*

Where any **sum is determined to be payable** by the assessee or the **deductor or the collector** under section **270 or 399,** the **intimation** under the said sections **shall be deemed to be a notice of demand** for the purposes of this section.

Notes

Section 270 *- (Old Section 143)*

Section 399 *- (Old Section 206CB)*

289(3) *(Akin to section 156(2) of the Income tax Act,1961)*

Where the **income** of the assessee of any tax year **includes income** of the nature specified in **section 17(1)(d)** and such **specified security or sweat equity shares** referred to in the said section are **allotted or transferred directly or indirectly by the current employer,** being an **eligible start-up** referred to in section 140, the tax or interest on such income included in the notice of demand referred to in sub-section (1) **shall be payable by the assessee within fourteen days -**

(a) **after the expiry of sixty months from the end of the relevant tax year; or**

(b) **from the date of the sale of such specified security or sweat equity share by the assessee; or**

(c) **from the date of the assessee ceasing to be the employee of the employer who allotted or transferred him such specified security or sweat equity share,**

whichever is the earliest.

Notes

Section 17(1)(d) *– (Old Section 17(2)(v))*

Section 140 *– (Old Section 80IAC)*

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Notice of demand under section 289.

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(1) The notice of demand under section 289 shall be in Form No. 103, subject to the provisions of sub-rule (2).

(2) The notice of demand under section 289, to be served upon the assessee in pursuance of an order under section 407, shall be in Form No. 151.

Notice of demand under section 289.

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Irrespective of anything contained in rule 179, the notice of demand under section 289 to be served upon the assessee in pursuance of an order under section 407, shall be in Form No. 151.

Modification and revision of notice in certain cases

290(1) *(Akin to section 156A(1) of the Income tax Act,1961)*

where,-

(a) any tax, interest, penalty, fine or any other sum in respect of which a **notice of demand has been issued earlier under section 289;** and

(b) **such tax, interest, penalty, fine or any other sum** is **reduced** as a **result of an order of the Adjudicating Authority as defined in section 5(1) of the Insolvency and Bankruptcy Code, 2016,**

the **Assessing Officer** shall serve on the assessee **a modified notice of demand** specifying the sum payable, if any, and **such notice shall be treated as a notice under section 289** and the provisions of this Act shall accordingly apply in relation to such notice.

Notes

Section 289 *- (Old section 156)*

290(2) *(Akin to section 156A(2) of the Income tax Act,1961)*

The **modified notice of demand** as referred to in sub-section (1) **shall be revised** where the order referred to in sub-section (1)(b) is **modified by the National Company Law Appellate Tribunal or the Supreme Court.**

Intimation of loss

291 *(Akin to section 157 of the Income tax Act,1961)*

The **Assessing Officer** shall **notify to the assessee** by an order in **writing the amount of the loss** as computed by him for the purposes of section **111(1) or 112 or 113(2) or 115(1),** where-

(a) **in the course of the assessment of the total income of any assessee, it is established that a loss has taken place; and**

(b) **the assessee is entitled to have carried forward and set off such loss under the provisions of the said sections.**

Notes

Section 111(1) - *(Old Section 72)*

Section 112 - *(Old Section 73)*

Section 113(2) - *(Old Section 74)*

Section 115(1) - *(Old Section 74A(3)(a))*



Thanks to my computer operator

Sri. N. Beeresh & Sri Vinay Kumar H