PROCEDURE FOR ASSESSMENT UNDER THE INCOME TAX ACT 1961

The provisions relating to assessement of income of an assessee are contained under the following sections :
Brief provisions and important points to remember in each section are as under :

Sr. No.	Section	CONTENTS OF THE SECTION	IMPORTANT POINTS TO REMEMBER
1	139(1)	Voluntary filing of return of income	Time Limit of filing the return, Exemption Limits, Various ITRs for each assessee
2	139(1A)	Salaried Employees filing return through employer	Applicable only in selected city Eligible Emplyer & Employee What returns cannot be submitted Less Important section.
3	139(1B)	Filing return on CD Rom	You have to use the service of e return intermediary. Read it. Could be asked .
4	NIL	Return filed via Form 16AA	Less Important section. Skip it.
5	139(3)	Return of Loss	This return has to be filed in time specified u/s 139(1) To c/f PGBP, Speculation, CG & Horse race loss. Not necessary

			for Unabsorbed Depri and HP Also check Circular 8/2001 - it has power to condone delay.
6	139(4)	Belated Return	Can be filed before one year frm end of relevant assessment yr. (Eg. For march 08 - **31/3/10**) To be filed if return not submitd with due date of 139(1) or **142(1)**
7	139(4A)	Return by Trust	To be filed before due date if income exceeds exemption limit **before** giving effect of S:11 & 12
8	139(4B)	Return by Political Party	To be filed before due date if income exceeds exemption limit **before** giving effect of S:13A
9	139(4C)	Return by certain associations	To be filed before due date if income exceeds exemption limit **before** giving effect of S:10
10	139(5)	Revised Return	There should be **Ommission** or **Wrong Statement.** Original return must be filed as per S:139(1) or **S:142(1) [not 139(4)]** Can be filed before one year frm end of relevant assessment yr. (Eg. For march 08 - **31/3/10**)
11	139(6)	Details to be furnished in ITR's	There are six points. Confirm if this is still prevailing or deleted. IMP
12	139(6A)	Details to be furnished in ITR's by person doing business/profession	There are five points. Confirm if this is still prevailing or deleted. IMP

13	139(9)	Defective Return	When a return is considered so ? Powers of AO to rectify defect. Time limit for rectifying Power of AO to condone delay for rectification
14	139A	PAN	Less Important
15	139B	Submission of returns through TRP's (Tax Return Preparers)	Less Important/ Don't Bother
16	139C	Power of board to dispense with furnishing of documents	Board has power to waive off requirement of attaching docs to return of income. Check 11,12 &13 above. Might be relevant
17	139D	Filing of return in electronic form	Nothing important.
18	140	Return to be signed by whom?	Less Important. Don't read
19	140A	Self Assessment of Tax	Tax payable before submitting the return. Has to be paid and than onl return can be submitted. Proof of payment (BSR, Challan etc) has to be enclosed.

ONE MAY NOTE THAT TILL POINT NO.19 ABOVE,
ALL THE RESPONSIBILITY (EXCEPT IN SECTION 139(9), LIES ON THE END OF ASSESSEE.

NOW AFTER ASSESSEE COMPLIES/(NOT COMPLIES) WITH HIS DUTY,
IT'S THE TIME FOR DEPARTMENT TO CHECK AND DO

ASSESSMENT PROCEDURES

NOW STARTS REAL ASSESSEMENT PROCEDURES KA SECTIONS
EARLIER PROVISIONS CAN BE RELATED TO FILING OF RETURN ONLY.

20	142(1)	(I) Notice for filing return (II) Power to call for information (this is more in nature of conducting inquiry before assessement). It is nt assessement by any means	Can be issued only after time limit u/s 139(1) expires (a) Books and documents - not more than 3 years prior to P.Y. (b) assets liablity statement - prior approval of JC required.
21	142(2)	Inquiry by AO	After getting information, AO makes necessary inquiry
22	142(2A)	Direction for Special Audit	AO having regard to **nature and complexity** of accounts & in the **interest of revenue**, the accounts should be audited. Prior approval of Chief Commissioner is necessary.
23	142(3)	Opportunity of being heard.	Assessee shall be given oppurtunity except when assessement is to be completed u/s 144
24	Misc.	Consequences of non compliance to 142(1) or 142(2A)	Best Judgement u/s144 Penalty u/s271(b) Prosecution u/s 276D Order u/s132 for search & seizure
25	142A	Estimate by Valuation Officer	Important
26	143(1)	Summary Assessment	Acknowledgement is intimation if

		(Its Intimation. Its not at all assesement. Its just the name)	no tax payable or refund due. Time limit for **Issue** (not serving) of intimation - One year from end of relevant A.Y. (Eg. For A.Y.2008-09 - **31/3/10**)
27	143(2)	Notice for Scrutiny Assessment (this is must must and must. It must be a valid notice)	To ensure that assessee has not (a) understated income (b) Computed excess loss or (c) Underpaid tax. A.O. shall **Serve** (not issue) notice to attend office and/or produce evidence on which assessee had **relied** while filing return. Time Limit : No notice shall be **served** after expiry of 12 months from the end of month in which the return is filed.
28	143(3)	Scrutiny /Regular Assessment	A.O. Shall make assesement of income from material gathered and evidence produced. Than determine tax payable or refund. Time Limit : Within 21 months from the end of relevant A.Y. (For A.Y.2008-09 till 31/12/2010)
29	144	Best Judgement Assessment	A.O. Can resort in four cases ; 1) Person fails to file return u/s139 2) Fails to comply **all terms** of notice u/s142(1)

			3) Fails to comply with directon of S:142(2A) - Audit of accounts 4) Fails to comply **all terms** of notice u/s143(2) Show cause notice must be issued. Not required if notice already given u/s 142. Time Limit : Within 21 months from the end of relevant A.Y. (For A.Y.2008-09 till 31/12/2010)
30	144A	JC to issue directons	JC can call for and examine records of any proceeding in which assess - ment is pending either : 1) Suo Moto (2) on ref. by AO or (3) on application by Assesee. JC will issue directons to AO for completing Assessment. This directons is **binding** on A.O. If directons prejudical to interest of assessee, than opportunity of being heard to be given.
31	145	Best Judgement Assessment	A.O. Can resort in three cases ; 1) A.O. not satisfied with correctnes & completeness of accounts 2)Method of accounting is not regularly followed 3) Where AS notified by CG are not followed (i.e. AS 1 & AS 2) (S:145A)

			Show cause notice must be issued. Not required if notice already given u/s 142. Time Limit : Within 21 months from the end of relevant A.Y. (For A.Y.2008-09 till 31/12/2010)
		PROVISIONS RELATING TO INCOME ESCAPING ASSESSEMENT (S: 147 TO S: 151)	
32	147	Income Escaping Assessment	A.O. has **reason to believe** that income has escaped assessment. On reopening - if any other income comes to the notice of A.O., than, the same can **also be included** for assessment. Proceeding u/s 147 cannot be initiated unless **Valid** notice u/s 148 is **issued (not served).** Time Limit : Within 9 months from the **end of financial year in which** notice is **Served**
33	148	Notice for income escaping assessment	A.O. should **issue** notice , requiring the assessee to **furnish return** within time specified. **Before issuing** he should **record the reasons** for such

			issuance of notice. * Notice should be issued within time limit specified u/s 149. * Notice should be issued only by authority specified in S:149
34	149	Time Limt for issue of notice u/s148 and who is authorised to issue such notice	Most important. Refer detailed note given with this summary sheet
35	150	Exceptions to time limit for issuance of notice u/s 149	(1) Notice u/s 148 can be issued at ***any time*** **to give effect to any *finding or directon*** contained in an order passed by any authority under the Act or by the court under any law - - However, **notice cannot be issued**, if at the time when the order which was subject matter of appeal,reference, revision was passed, the time limit for the issue of such notice has expired (Above is very important) Point (2) & (3) included in detailed note of Sec : 149. Enclosed herewith
36	153(1)	Time limit for completion of assessment u/s 143(3) & 144	Within 21 months form the end of relevant Assessment Year
37	153(2)	Time limit for completion of assessment u/s 147	Within 9 months from the end of financial year in which notice is served
38	153(2A)	Time limit for completion of Fresh Assessment (first read appeals and revision	**<u>Preconditions :</u>** 1) Assessement order is set aside u/s 250 CIT (A) or 254 Tribunal or

		chapter)	263 & 264 by order of Commissnor 2) A Fresh order is directed **Time Limit :** (a) Order U/s 250 & 254 - 9 months frm the end of financial year in which this order is **received by commissioner** (b) Order U/s 263 & 264 - 9 months frm the end of financial year in which this order is **passed by commissioner**
39	153(3)	No time limit for reassessment	Check Para 370.4 of singhania
40	153A	Assessment in case of Search or Requisition - Block Assessement	Singhania is a better option to read
41	153B	Time Limit for completing Block Assessment	Singhania is a better option to read
42	153C	Assessment of Income or any other person	Singhania is a better option to read
43	154	Rectification of Mistake - by **IT Authority** of any **order or intimation**	1) Mistake should be **apparent on record** 2) It should **not** be **disputed mistake** 3) May be mistake of fact or law. IT authority can rectify either a) Suo Moto or (b) on an application made by the assessee. - Opportunity to be given to assessee if rectification is prejudical to his/her interest Time Limit : (a) Within 4 years from the **end of financial year** in which **order sought to be rectified is passed** (b) when application made by assessee - within 6

			months from the end of the month in which application is made. Note : If a valid application is made for rectification within statutory time limit, but it is not disposed by IT authority, than also they can rectify order after the above said time limit.
44	155	Time Limit for Rectification of Mistakes - under special cases. There are 17 sub sections.	Its 4 years from the end of financial year in which order is passed. OR Its 4 years from the end of P.Y. (just read and try to remember at glance)
45	156	Notice of Demand	Served by A.O. when any tax, interest, penalty or any other sum is payalbe by assessee. Its in speicified form. This is important for further litigation
46	157	Initimation of Loss	If during assessment, it is established that assessee is entitled to carry forward loss, than same shall be intimated by A.O. in writing
47	158A	Provision for avoiding Repetative Appeals	1) Case must be pending in HC or SC for any other assessement year. 2) It must be a question of law 3) Similar case arises before A.O. or any other appleate autority. Than, An application can be made to A.O. or appelate authority in form 8. He agrees to apply the final decision. He shall not raise such question of law once again. When

			application is made to appelate authority. a report from A.O. shall be called for on the correctness of claim. Consequences : - Order admiting or rejecting assessee's form is passed. This order is not appealable. If assessee's contention is accepted, than : his case is disposed off without awaiting final decision. The assessee shall not be entitled to appeal on the same question of law & when final decision is given by court, the above order shall be ammended if necessary