Comparative Scrutiny Guidelines

SL. No.	Financial Year 2007-08	Financial Year 2006-07
01	All assessment pertaining to search and seizure cases. All assessment pertaining to surveys conducted u/s 133A of the Income tax Act.	All assessment pertaining to survey, search and seizure cases
02	All returns where deduction claimed under Chapter VIA of the Income tax Act is Rs. 25 lakhs or above in stations other than the cities on computer network	All returns where deduction claimed under chapter VIA of the I.T. Act is Rs. 10lakh (Rs.5 lakhs for non corporate) or above in stations other than 60 cities on computer network
03	All returns, including those of non-residents, where refund claimed is Rs. 5 lakhs or above in stations other than the cities on computer network	All returns where refund claimed is Rs 5 lakh or above in stations other 60 cities on computer network.
04	(a) All cases in which the CIT (Appeals) or ITAT has confirmed an addition / disallowance of Rs.5 lakhs or above or if the assessee has conceded an addition in any proceeding Assessment year and Identical issue is arising in the current year. But if the issue involves a substantial question of law, the cases may be picked up for scrutiny irrespective of the quantum of tax involved. However, if the addition has been deleted by a superior appellate authority and the Department has accepted that decision, the case need not be taken up for scrutiny. (b) All cases in which an appeal is pending before the CIT (Appeal) against an addition / disallowance of Rs.5 lakhs or above, or the department has filed an appeal before the ITAT	All cases in which the CIT (appeals) or ITA has confirmed and addition disallowance of Rs 5 lakh. Or above in any preceding assessment year and identical issue is arising in the current year.

	against the order of the CIT (Appeal) deleting such an addition / disallowance and an identical issue is arising in the current year. However, as in (i) above, the quantum ceiling may not be taken into account if a substantial question of law is involved	
05	All returns filed by statutory bodies, marketing committees and other authorities assessable to income tax	
06	All cases of banks and Non-banking financial institutions with deposits of Rs. 5 crores and above	All banks and public sector undertakings
07	Cases of universities , educational institutions, hospitals, nursing homes and other institutions for rehabilitation of patients (other than those, which are substantially financed by the Government), the aggregate annual receipts (including donations credited to the corpus / any other fund) of which exceed Rs 10 crores in Delhi, Mumabi, Chennai, Kolkota, Pune, Hyderabad, Bangalore and Ahmedabad and Rs. 5 crores in other places (Ref. S 10 (23c) & Rule 2 BC)	
08	All cases where exemption is claimed under section 11 of Income Tax Act and the gross receipts (including donations credited to the corpus / any other fund) exceed Rs. 5 crores in Delhi, Mumbai, Chennai, Kolkata, Pune, Hyderabad, Bangalore and Ahmedabad and Rs. 1 crores in other Places	

09	(a) All cases where total value of International Transactions (as defined u/s 92 B of the Income tax Act) exceed Rs.15 crores) (b) In all other cases where the Transfer Pricing Audit carried out in the earlier year had led to an adjustment / addition to the total income	
10	All cases of stockbrokers and commodity brokers as well as their sub brokers where brokerage received is disclosed at Rs. 1 crore or above. All cases of stockbrokers and commodity brokers as well as their sub brokers where there are claims of bad debts of Rs. 5 lakhs or more	All cases of stockbrokers (including sub- brokers) where brokerage received is disclosed at Rs. Rs. 1 crore (Rs. 50 lakhs for non corporate) or above and total income declared is less than 10% of such brokerage or in which bad debts of Rs. 10 lakh (Rs. 5 lakhs for non corporate) or more have been claimed
11	**All cases of professionals with gross receipts of Rs.20 lakhs or more if total income declared is less than 20% of gross professional receipts**	All professionals whose gross receipts exceed **Rs10 lakh** but income declared is less than 20% of the amount
12	All cases of deductions under sections 10 A / 10 AA / 10BA / 10 B of the I.T. Act exceeding **Rs.25 lakhs.**	All case of deduction under sections 10A and or 10B of the I.T.Act with export turnover exceeding Rs. 5 crores for Non Corporate.
13	All cases of contractors **(excluding transporters)** whose gross contractual receipts exceed Rs. 1 crores if total income declared from contract work is less than 5% of gross contractual receipts	All cases of contractors whose gross contractual receipts exceeds Rs. 2 crore (Rs. 1 crore for non corporate) in places other than 60 cities on computer network if total income declared is less than 5% of gross contractual receipts
14	All cases of builders following project completion method.	All cases of builders following project completion method
15	All cases in which fresh capital	All cases in which fresh capital

	introduced during the year exceed Rs.50 lakhs in Delhi, Mumbai, Chennai, Kolkata, Pune, Hyderabad, Bangalore and Ahmedabad and Rs.10 lakhs in other cities	introduced during the year exceeds Rs. 1 crore in Delhi, Mumbai,Channai, Kolkata, Pune, Hyderabad, Bangalore and Ahmedabad and Rs. 50 lakh (Rs. 10 lakh for non corporate) in other cities
16	All cases in which **new unsecured loan introduced during the year exceed Rs.25 lakhs**	All cases in which new loans introduced during the year exceed Rs. 1 crore in DELHI, MUMBAI, CHENNAI, KOLKATA, PUNE, HYDERABAD, AHMEDABAD and Rs. 50 lakh (Rs. 10 lakh for non corporate) in other cities.
17	All cases in which deduction u/s 80IA(4), 80 IB, 80IC, 80JJA, 80JJAA, 80LA, 10 (21), 10(22B), 10(23A), 10(23B), 10(23C), 10 (23D), 10 (23EA), 10 (23FB), 10 (23G), 10(37), 10 A, 10AA, 10B, or 10BA of the I.T. Act is claimed for the first time	All cases in which deduction u\s 810A(4), 801AB, 801C,80JJA, 80JJAA, 80LA, 10(21), 10(22B), 10(23A), 10(23B), 10(23C), 10(23D)I, 10(23EA), 10(23FB), 10(23G), 10A, 10AA, 10B or 10BA of the I.T Act is claimed for the first time
18	All cases in which loss from house property is more than Rs.2,50,000/-	
19	All cases in which investment in property is more than five times the gross receipts (i.e. purchase of property (008 from AIR) / (Gross Total Income (746) + Agricultural Income (762) + Income Claimed exempt (125)>5)	
20	All cases in which sum of short term capital gains u/s 111A and long term capital gain is more than Rs 25 lakhs	
21	All cases in which sale of property has been shown as per AIR return but no capital gains have been declared in the return of Income.	
22	All cases in which commission paid is more than Rs. 10 lakhs	

23	All cases having business of real estates with gross turnover exceeding Rs. 5 crores.	
24	All cases having business of hotels/tour operations with gross turnover exceeding Rs. 5 crores if net profit shown is less than 0.05%	
25	All cases in which total depreciation claimed at the rates of 80% and 100% is more than Rs.25 lakhs.	
26	All cases in which net agricultural income is more than Rs 10 lakhs.	
27	All cases covered by retrospective amendment in setion 80 IA of the I.T. Act, 1961 brought by the Finance Act, 2007 i.e. all persons who merely executive the civil construction work or any other works contract entered into with the undertaking or enterprise reffered to in Sec 80 IA of I.T Act 1961.	
28	If a case has been assessed earlier under scrutiny for at least 2 A.Y.s but in each of the immediately proceeding two years assessed u/s 143(3) of the I.T. Act, total additions or disallowances made / sustained in appeal are less than 5 lakhs in Delhi, Mumbai, Chennai, Kolkata, Pune, Hyderabad, Bangalore and Ahmedabad and less than Rs. 1 lakhs in other places then such a case should be excluded from compulsory scrutiny under Sl Nos. Nos.2,5,6,7,8,9,10 & 11.Provided that the above exclusion clause shall not apply in cases involving substantial question of law.	If a case has been assessed earlier u\s 143(3) of IT Act for at least 2 assessment years and in each of the immediately preceding two years, total additions or disallowances made or sustained in appeal are less than Rs. 10 lakh in DELHI, MUMBAI, CHENNAI, KOLKATA, PUNE, HYDERABAD, AHMEDABAD and less than Rs. 2 lakh in other places, then such a case should be excluded from compulsory scrutiny except in cases involving substantial question of law.

	Scrutiny Target increased from 2% to 2.5%	2% cases selected for scrutiny