140A- Self Assessment

- Tax is payable on basis of ROI submitted

Income Tax	XXX
+ Interest U/s234 A/B/C	xxx
+ Fee U/s 234F	xxx
- Relief U/s 90/90A/91	xxx
- MAT/AMT credit	xxx
- TDS/TCS credit	xxx
- Advance tax	xxx
= amount to be paid by way of Self assessment tax	xxx

- If payment is short, then it is first applied towards **Fees**, then **interest** and balance towards **Tax**
- IF assesse failed to pay whole or part of tax or interest or Fee- demmed to **assesse in default**.
  Shall pay interest U/s 220 @ 1%PM or part and AO can levy penalty U/s 221 upto the amount not paid U/s 140A

142 (1)(i)- Enquiry before assessment

- AO may **serve notice** to file ROI if not filed on time.
- Notice can also be issued after RAY

142 (1)(ii)- notice for info

- AO may serve notice for
  - Production of A/c, documents & other info.
  - **statement of Assets & Liabilities** whtether not included in A/c (**Prior approval** by AO from **JCIT**)
  - A.O. **shall not** require production of A/c & documents for a period more than 3 years prior to RPY
  - Whether ROI filed or not

142 (2)- Enquiry from others

Inquiry from any person in connection with assessment of Income of assessee can be made for getting Full Information

142 (2A)-2D Special Audit

- Case is pending with AO
- **AO is of opinion** that it is necessary to get the A/c audited having regards to
  - Nature & Complexity in A/c or
  - Volume of A/c or
  - Doubts about the correctness of A/c or
  - Multiplicity of transactions in A/c or
  - Special nature of business activity &
  - It is in the interest of the revenue
- **SCN** is issued to show cause why direction U/s 142(2A) shall not be issued
- **Direction** U/s 142 (2A) is issued to get it's a/c's audited (**prior approval of CCIT/CIT**)
- **Appeal=** Appeal cannot be made
- **Time limit** to submit audit report- Specified in order, however, not to extend 180 days
- **Writ petition**-1) even if assesse proves that no complexity in A/c & Interest of revenue is not effected & AO issues direction for special audit. 2) Where **no SCN is issued.**
- **OBH**–where material gathered under Special audit is to be utilised for the purpose of Assessment. **No OBH** if non compliance

142A- Estimate by Valuation Officer

- **A.O. may refer V.O.** after giving OBH, where an estimate is required to be made of **value/ FMV of any Asset, property or investment.**
- **Time Limit** for report- Within 6 months FTEOM reference was made
- **Reference to AO-** whether/not he is satisfied with the correctness of Books of accounts

143(1) Summary Assessment

- Return processed by making prima facie adjustments for
  - **Arithmetical error**
  - **Incorrect claim** apparent from record
  - **Disallowance of loss**- to s/off loss in CY if ROI of PY furnished after Due date
  - **Disallowance of loss**- taken in Audit report but not in ROI
  - **Disallowance of Deduction**- if ROI furnished after due date
- Intimation in following cases
  - Tax/Interest/Fee is found payable
  - Tax/interest found refundable
  - Increase/ reduction of loss
  - Other cases- acknowledgement of ROI is deemed intimation
- **No adjustment**- unless intimation is given to assesse
- **Adjustment** if No response is received within **30 days** of intimation (if response received- consider such)
- **Time Limit** for such intimation- no intimation after the expiry of 1-year FTEOFY in which ROI is filed
- **Appeal** against intimation- **to CIT(A)**
- **Revision- No** revision U/s 263/264
- **Rectification- U/s 154 possible**

143 (1D)- processing or return in case of scrutiny

- **Applicable**- from the FY-16-17 (AY 17-18)
- ROI filed contains **refund claim** & case is **selected for scrutiny**- refund shall be granted to Assesses U/s 143 (1)
- **Exception**- however if AO if of opinion that interest of revenue is likely to be adversely affected- then After previous **approval of CIT** can **withhold the refund**

143 (2)- notice for Scrutiny/Regular Assessment

- where aa has furnished return and AO thinks it necessary or expedient to ensure that aa has
  - not understated the income
  - not computed excessive loss
  - not under paid the tax in any manner

  shall furnish **notice to assessee** to attend his office on a specified date requiring him to produce any evidence on which aa may rely in support of his return
- **Time limit: -** For serving notice - 6 months FTEOFY in which **ROI filed**
- **ROI not filed**- notice U/s 143(2) cannot be given

143(3) -Order of Scrutiny/Regular Assessment

- After hearing aa and taking into consideration all documents/ materials submitted by aa, AO will make an assessment of total income or loss of aa and determine amount due/ refund payable
- **Time limit:** -order of assessment shall be passed within 12 months FTEO RAY (18 mts for AY 18-19). If case is **referred to TPO** then order of assessment shall be passed within 24 months FTEO RAY (30 months for AY 18-19)
- AO can reduce the income below, increase the loss higher than furnished in ROI
- **Disallowing of exemption**

  1st proviso to 143(3)

  Where aa has contravened the provision relating to exemption u/s 10(21), 10(22B), 10(23A), 10(23B), 10(23C)

  2nd provision to 143(3)

  Where aa is not complying with the conditions of approval U/s 35(1)(ii)/35(1)(iii)
  - AO shall **inform C.G.** of such contravention
  - **C.G.** after giving OBH, is **satisfied** that the contravention has happened, **shall withdrew the exemption**
  - AO will then make assessment without considering this exemption and calculate tax
- **Disallowing of exemption u/s 10(23C) or 11 or 12**

  If the business receipts exceed 20% of total receipts- whether or not approval/notification of exemption is cancelled-**AO by himself disallow exemption**
- **Appeal** against order- to **CIT(A) possible**
- **Rectification** of mistake- **U/s 154 possible**
- **Revision** of order – **U/s 264 possible**
- **Notice U/s 143(2) not issued-** The assessment is void -ab-initio

143(3A)/3B/3C- Regular/ scrutiny assessment

3A-The CG may make a scheme by notification in the official gazette for the purpose of making assessment of total income or loss of the assesses under section 143 (3) so as to impact greater efficiency transparency and accountability by

- eliminated the interface between the assessing officer and the assessee in the course of proceedings to the extent technologically feasible
- optimising utilisation of the resources through economies of scale in functional specialization
- introducing a term-based assessment with dynamic jurisdiction

3B- The central government may for the purpose of giving affect the scheme made under subsection 3A, by notification in the official gazette direct that any of the provision of these Act relating to assessment of total income or loss shall not apply or shall apply with such exceptions, modifications and adaptation as may be specified in the notification.

144- Best Judgement Assessment

- If an aa has -
  - failed to file return u/s **139(1)**
  - failed to comply with all the terms of a notice issued u/s. **142(1)(i)/(ii)**
  - Failed to comply with the direction issued **U/s 142 (2A)**
  - failed to comply with all the terms of a notice issued u/s **143 (2)**

  Then the AO after **taking into consideration all the material** he has gathered make the assessment of the total income or loss to the best of his judgment and determine the sum payable by the assessee
- **OBH** shall be given **by serving a notice** calling upon the aa to show cause, why the assessment should not be completed to the best of his judgment. **IF no OBH is given**- Appeal to CIT(A) or Revision U/s 264
- **Notice is not required** where a notice u/s 142 (1) has been issued prior to the making of an assessment under this section
- AO cannot assess the income below, loss higher than furnished in ROI
- **Time limit:** -order of assessment shall be passed within 12 months FTEO RAY (18 months for AY 18-19).
- The AO shall make BJA on a scientific & Rational Basis & not on adhoc basis.

144A- power of JCIT to issue direction

- JCIT may
  - on his own motion or
  - reference made by either AO/aa, call for and examine record of any pending assessment/reassessment.
- **if he considers having regards to the** nature of case or Amount involved or Or for any other reason, it is necessary or expedient to do so then,
  - He may **issue such guidance** to AO **to enable him to complete assessment**
  - These guidelines are **binding on AO**
  - **OBH**: Where such guidelines are prejudicial to aa - no such guidelines be issued before aa is given an OBH
- **Appeal;** No Appeal can be filled against such directions

145- Method of accounting

- Income chargeable u/h "PGBP" or "IOS" shall, be computed in accordance with **either cash or mercantile system of accounting** regularly employed by the assessee.
- Assesse can adopt cash system for one system and accrual for another business
- Assesse can adopt cash system for source of income under the head "other source" and accrual system for another source under the same head.
- Income from IFOS and Other source shall be computed in **accordance with ICDS**- failure of this can lead to best judgement assessment U/s 144
- **ICDS is applicable from AY- 17-18** to all **except Individual/HUF** who are **not required to** get their accounts **audited U/s 44AB**
- **ICDS is applicable for computation of Income** but not required for maintenance of books of accounts
- **AO may make an assessment to the best of his judgement** U/s 143(3)/144/147/153A, if it is found that
  - AO is **not satisfied** about the **correctness or completeness of the accounts** of the assesses
  - where the **method of accounting** have **not been regularly followed** by the assesses
  - **Income** under the head PGBP or IFOS has been computed **in accordance with ICDS not**

  In the above cases, the AO gest the **power to Reject the books** of account and make an assessment to the best of his judgement

FTEOM = From the end of the month FTEOFY = From the end of Financial year RAY= Relevant assessment year RPY= Relevant Previous year SCN= Show cause Notice A/c= Accounts AO= Assessing officer AA/aa- Assessee OBH= Opportunity of being heard				
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