

Chapter 4 : Assessment Procedures

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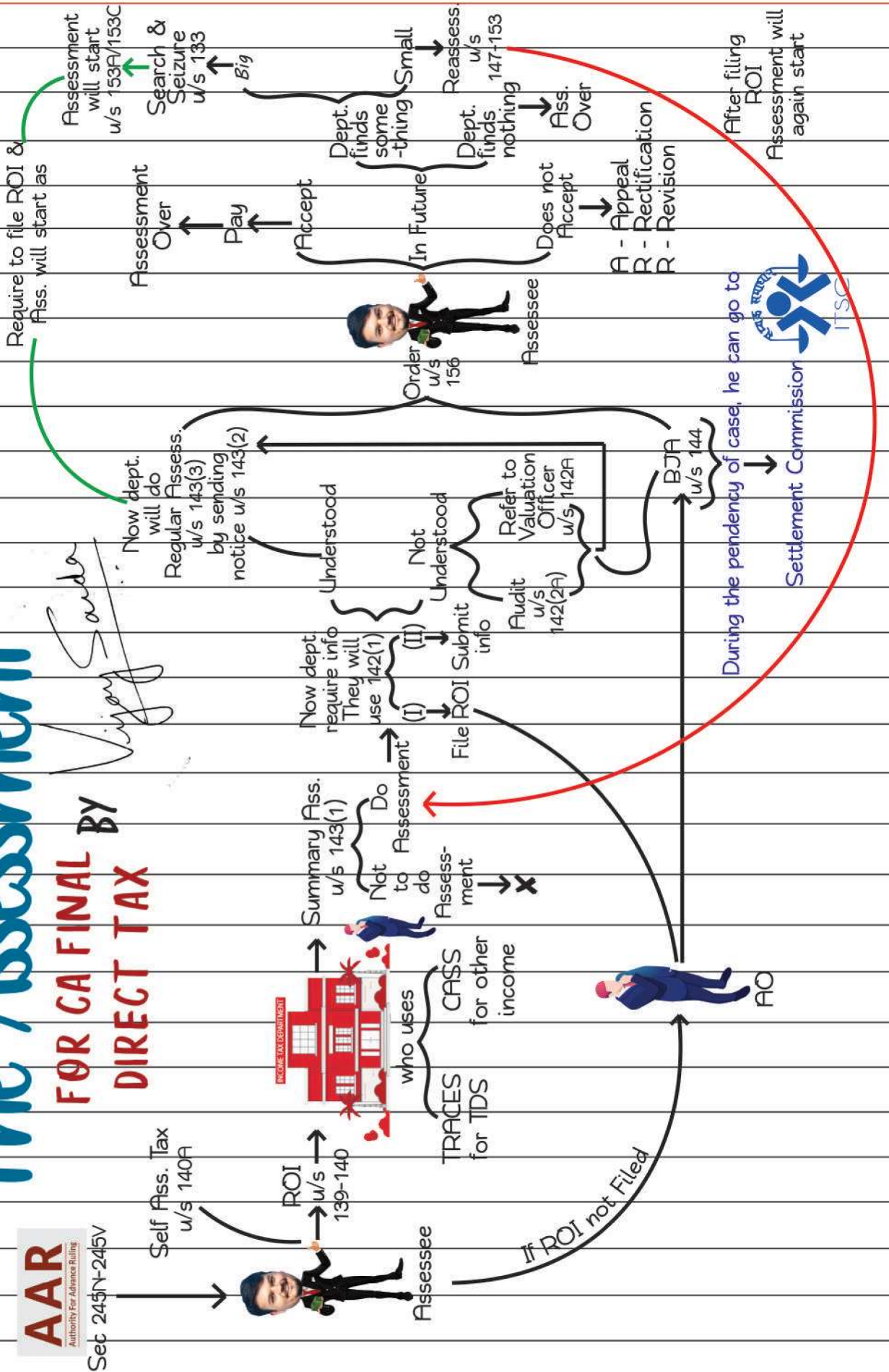
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The Assessment

FOR CA FINAL BY DIRECT TAX

Vijay Sarada



4. ASSESSMENT PROCEDURE

Section List

Assessment Procedure

IMPORTANT

NOT SO
IMPORTANT

OMITTED

142(1) Inquiry before

Assessment

145

145A

Method of
A/c

146

143(1) Summary Ass.

143(2) Notice before Ass.

143(3) Regular Ass.

143(3A) E-Assessment

142(2A) Special Audit

142A Valuation by VO

147-152 Reassessment

153 Time Limit to

complete Ass.

Golden Rule in Assessment procedure

Non Est - If law require a particular thing to be done in a particular manner, then it shall be done in that manner. If it is not done so, then action will be void-ab-initio

Fetters - When the law gives the power to any authority, the power is always subject to limitations.

Discretion - If the law gives a discretion, then it shall be judiciously exercised.

Principle of Natural Justice - Before taking any action against a person, opportunity of being heard shall be provided.

Sec 2(7A) Assessing Officer (AO)

1. JDIT/JCIT/ Addl DIT/ Addl CIT, only if authorised by CBDT
2. DDIT/ DCIT/ ADIT/ ACIT
3. ITO

Sec 2(8) Assessment

Assessment is the procedure by which income of an assessee is determined by Assessing Officer

Sec.2(23C) Hearing

Hearing includes Communication of data & documents through electronic mode

Sec.2(40) Regular Assessment

Regular Ass. means Assessment u/s 143(3) or 144

Sec.140A Self Assessment Tax

Where any tax & interest u/s 234A, 234B & 234C & fee u/s 234F is payable by the assessee on the basis of the return of income required to be furnished u/s 139 or sec 142(1) / sec 148, or sec 153A , after deducting

- i) Advance Tax;
- ii) any tax deducted or collected at source;
- iiia) **any relief of tax claimed u/s 89;**
- iii) any relief of tax claimed u/s 90 / 91 of tax paid in country o/s India;
- iv) any relief of tax claimed u/s 90A on account of tax paid in any specified territory outside India referred to in that section;
- v) any MAT credit u/s 115JAA or **AMT credit u/s 115JD;** and
- vi) **any tax or interest payable according to the provisions of sec 191(2) [FA'20]**

SIMPLIFIED ANALYSIS :

1. The Assessee is required to assess his own Income and Tax payable thereon after taking into account

Total Income	xxx	<p style="color: green; font-size: small;">The assessee shall be liable to pay such tax with interest & Fees. Where the amount paid by the assessee falls short of the aggregate of the tax the amount so paid shall first be adjusted towards the Fees & thereafter interest payable as aforesaid & the balance, if any, shall be adjusted towards the tax payable.</p>
Compute tax on total income After surcharge & HEC	xxx	
Less: TDS/TCS//Advance tax relief 89/90/91/115JAA/115JD	[xxx]	
Add: Interest u/s 234A/B/234F Tax & Interest u/s 191(2)	xxx	
Final Advance Tax payable	xxx	

Notes :

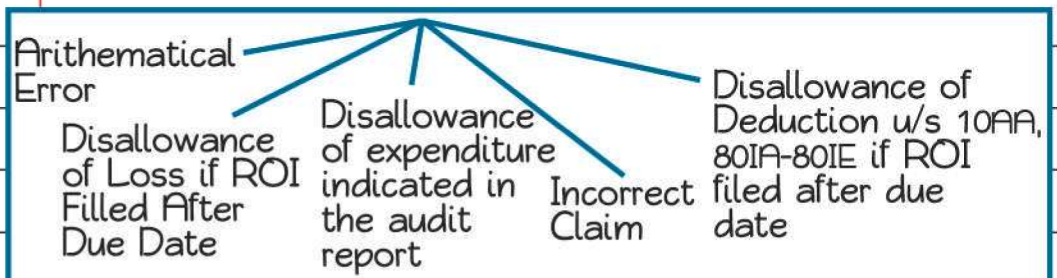
1. **Consequences of Failure to Pay Tax Interest or Fees**
 - A) Assessee shall deemed to be Assessee in Default & interest is payable u/s 220/221.
 - B) Recovery Proceeding shall be Initiated. However, ROI shall not be treated as defective, if SA is not paid
 - C) Penalty u/s 221 can also be levied -Maximum penalty = Tax in arrears.

4. ASSESSMENT PROCEDURE

2. After a regular assessment any amount of Advance tax shall deemed to be paid towards regular Assessment

Sec.143[1] Summary Assessment [By System CASS]

- 1) Where a return has been made u/s 139, or in response to a notice u/s 142(1), such return shall be processed in the following manner, namely
- a) the total income / loss shall be computed after following adjustments,



Provided that no such adjustments shall be made unless an intimation is given to the assessee of such adjustments either in writing / electronic mode.

Provided further that the response received from the assessee, if any, shall be considered before making any adjustment, and in a case where no response is received within thirty days of the issue of such intimation, such adjustments shall be made.

- b) the tax, interest and fee, if any, shall be computed on the basis of the total income computed under clause (a);
- 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)



4. ASSESSMENT PROCEDURE

by any tax deducted at source, any tax collected at source, any advance tax paid, any relief allowable u/s 89, any relief allowable under an agreement u/s 90 / 90A, or any relief allowable u/s 91, any rebate allowable under Part A of Chap VIII, any tax paid on self-assessment & any amount paid otherwise by way of tax, interest or fee;

d) an intimation shall be prepared / generated & sent to assessee specifying the sum determined to be payable by, amount of refund due to, assessee under clause (c); and

e) the amount of refund due to the assessee in pursuance of determination under clause (c) shall be granted to the assessee

Notes :

- | | | | |
|---|--|---|--|
| <p>1. Incorrect Claim Means a claim on the Basis of an Entry in ROI</p> <ul style="list-style-type: none"> a) Item which is inconsistent with another entry b) Information is required to be furnished, has not been furnished c) a deduction exceeds specified statutory limit <p>2. Upon Summary Assessment</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <p>Adjustment Made</p> <ul style="list-style-type: none"> 1. Tax Payable or refund or 3. Adjustment made but no Liability arose <p>Intimation is Issued.</p> </td> <td style="width: 50%; vertical-align: top;"> <p>No Adjustment Made</p> <ul style="list-style-type: none"> No Intimation is Generated Acknowledgement is deemed to be Assessment </td> </tr> </table> <p>3. If ROI is not Filled then summary Assessment is not Possible</p> <p>4. Summary Assessment is Mandatory</p> <p>5. Time Limit: 1 year from end of FY in which ROI is filed</p> | <p>Adjustment Made</p> <ul style="list-style-type: none"> 1. Tax Payable or refund or 3. Adjustment made but no Liability arose <p>Intimation is Issued.</p> | <p>No Adjustment Made</p> <ul style="list-style-type: none"> No Intimation is Generated Acknowledgement is deemed to be Assessment | <p>6. Summary Assessment</p> <ul style="list-style-type: none"> a) Original ROI - ✓ b) Belated ROI - ✓ c) Revised ROI - ✓ d) Return in response to notice. - ✓ e) Re Assessment - ✓ f) ROI filled after Search u/s 153A/C - ✓ <p>7. Remedies Against Summary Assessment</p> <ul style="list-style-type: none"> Appeal - ✓ rectification - ✓ Revision - ✗ <p>8. Assessee can submit revised return after Intimation Rajesh Jhaveri [2006]</p> |
| <p>Adjustment Made</p> <ul style="list-style-type: none"> 1. Tax Payable or refund or 3. Adjustment made but no Liability arose <p>Intimation is Issued.</p> | <p>No Adjustment Made</p> <ul style="list-style-type: none"> No Intimation is Generated Acknowledgement is deemed to be Assessment | | |

