

# CONDUCT OF RECOVERY SURVEYS BY AOs

By

S.MOHD.MUSTAFA, IRS,  
JCIT, TPO, CHENNAI

# PURPOSE OF RECOVERY SURVEY BY AOs

## **COLLECT OF INFORMATION USEFUL FOR RECOVERY BY AOs. e.g.**

1. UNACCOUNTED BANK ACCOUNTS (PASS BOOK, CHEQUE BOOK/LEAVES, ACCOUNT STATEMENT, COUNTERFOILS OF PAY-IN-SLIPS, DD APPLICATION)
2. COPIES OF DOCUMENTS OF IMMOVABLE PROPERTIES
3. FD, NSC, SHARES, UNITS OF M.F., DEBENTURES, R.C. BOOK, INSURANCE POLICY
4. ADDRESSES OF TRADE & LOAN DEBTORS AS ON 31<sup>ST</sup> MARCH BEFORE SURVEY
5. CREDIT SALE BILLS TO NEW PARTIES (IN THIS F.Y. WHICH REMAIN DUE) & ADDRESSES

CONTD....

# PURPOSE OF RECOVERY SURVEY BY AOs (CONTD.)

6. NEW LOAN DEBTORS (IN THIS F.Y. WHICH REMAIN DUE) & ADDRESSES
7. ADDRESSES OF GODOWNS WHERE STOCK-IN-TRADE IS KEPT
8. DETAILS OF SECURITY OFFERED FOR OD/CC ACCOUNTS
9. ADDRESSES OF PREMISES WHERE CASH IS KEPT
10. ADDRESSES OF PERSONS FROM WHOM ASSESSEE IS RECEIVING DIFFERENT ITEMS OF INCOME SUCH AS RENT, COMMISSION, ETC.
11. RUBBERSTAMPS/LETTER-PADS IN OTHER NAME/S

# SELECTION OF CASES FOR RECOVERY SURVEY

1. AFTER 30 (OR REDUCED) DAYS OF SERVICE OF DEMAND NOTICE. CHECK RECEIPT OF NOTICE.
2. STAY PETITION- NOT FILED OR FILED & REJECTED
3. STAY/INSTALMENT/RECTIFICATION/WAIVER PETITION NOT PENDING WITH AO/HIGHER AUTHORITIES
4. GIVING EFFECT TO APPELLATE ORDER - NOT PENDING
5. BUSINESS IS RUNNING

# CONDUCT OF RECOVERY SURVEY

1. ALL REQUIREMENTS AS FOR NORMAL SURVEYS U/S 133A EXCEPT THAT FOCUS IS NOT ON STOCK-TAKING OR FINDING OUT UNDISCLOSED INCOME (HOWEVER, DISCREPANCIES, IF ANY NOTED, TO BE QUESTIONED IN STATEMENT). FOCUS IS TO GATHER DETAILS AS PER FIRST TWO SLIDES WHICH WILL BE HELPFUL TO RECOVER THE ARREARS.
2. AFTER SHOWING AUTHORISATION/APPROVAL, PREPARE INVENTORY OF CASH FOUND & GATHER ALL OTHER DETAILS REQUIRED.

3. ONCE UNACCOUNTED BANK A/Cs FOUND, ISSUE 226(3) TO THOSE BANKS, FROM SURVEY PREMISES (WITHOUT ALERTING ASSESSEE), COVERING ALL ACCOUNTS UNDER SAME CIF (CUSTOMER IDENTIFICATION FOLIO) NO. SERVE COPY ON HIM AFTER SERVING ON BANK.

4. ONCE NAMES & ADDRERSSES OF TRADE & LOAN DEBTORS FROM WHOM AMOUNTS ARE DUE AS ON DATE OF SURVEY ARE COLLECTED, ISSUE 226(3) TO THOSE DEBTORS FROM SURVEY PREMISES (WITHOUT ALERTING ASSESSEE). SERVE COPY ON HIM AFTER ENSURING PERSONAL SERVICE ON HIGH VALUE LOCAL DEBOTRS.

5. PREPARE INVENTORY OF IMMOVABLE PROPERTY DOCUMENTS FOUND. TAKE PHOTOCOPIES. IMPOUND ORIGINALS ONLY IF, BASED ON PAST CONDUCT, IT IS APPREHENDED THAT HE MIGHT THWART RECOVERY BY CREATING A MORTGAGE BY DEPOSIT OF TITLE DEEDS 5. ONCE FD RECEIPTS ARE FOUND, ISSUE 226(3) TO BANK, FROM SURVEY PREMISES, TO PREVENT PREMATURE ENCASHMENT.
6. PREPARE INVENTORY OF SHARES, UNITS, DEBENTURES, R.C. BOOKS, INSURANCE POLICIES FOUND

7. ONCE NAMES & ADDRESSSES OF PERSONS FROM WHOM HE IS RECEIVING OTHER ITEMS OF REGULAR INCOME SUCH AS RENT, INTEREST, ETC, ARE COLLECTED, ISSUE 226(3) TO THOSE PERSONS FROM SURVEY PREMISES & SERVE COPY ON HIM.

8. ONCE DETAILS OF SECURITY OFFERED FOR OD/CC A/C ARE COLLECTED, TAKE APPROPRIATE ACTION BASED ON NATURE OF SECURITY



9. FROM RUBBER-STAMP IMPRESSIONS & LETTERPADS IN OTHER NAMES, ASCERTAIN THE LINK AND TAKE APPROPRIATE ACTION IF AMOUNTS ARE DUE FROM THOSE ENTITIES.

10. AFTER GETTING DETAILS OF ALL GODOWNS, CERTAIN APPROXIMATE VALUE OF STOCK.

# INVOKING 226(5)?

U/S 133A(4), ANY CASH, STOCK OR OTHER VALUABLE ARTICLE OR THING CANNOT BE REMOVED FROM SURVEY PREMISES.

HOWEVER, IF AUTHORISED BY GENERAL OR SPECIAL ORDER BY PCCIT/CCIT/PCIT/CIT, AO/TRO MAY RECOVER TAX ARREARS BY DISTRAINT & SALE OF MOVABLE PROPERTY IN THE MANNER LAID DOWN IN THIRD SCHEDULE.

AS PER THIRD SCHEDULE, IT HAS TO BE DONE AS PER SECOND SCHEDULE .

# PROCEDURE FOR 226(5)

1. IF CASH ON HAND IS OF HUGE VALUE & STOCK IS ALSO HUGE, ISSUE WARRANT OF ATTACHMENT OF MOVABLE PROPERTY TO ITI. ITI WILL SERVE IT ON ASSESSEE. INFORM ASSESSEE THAT ITI CAN SEIZE BOTH CASH & STOCK & SELL THE STOCK. BUT IF STOCK IS NOT BE SEIZED HE HAS TO MOBILISE FUNDS TO THE EXTENT OF BALANCE ARREARS (AFTER CONSIDERING CASH ON HAND). IF HE MOBILISES ADDITIONAL FUNDS, EVEN IF NOT TO THE ENTIRE EXTENT OF BALANCE ARREARS, DD CAN BE ACCEPTED & STOCK NEED NOT BE SEIZED. ITI CAN RETURN THE WARRANT STATING THAT SINCE HE PAID FULL/PART OF ARREARS, WARRANT WAS NOT EXECUTED.
2. IF ASSESSEE IS NOT WILLING TO MOBILISE ADDITIONAL FUNDS, CASH ON HAND HAS TO BE SEIZED BY ITI AFTER BRINGING TWO WITNESSES, PREPARING AN INVENTORY AND PANCHANAMA SERVING A COPY OF BOTH ON HIM. STOCK NEED NOT BE SEIZED IF APPROVED BY HIGHER AUTHORITIES.

# CONDUCT OF RECOVERY SURVEY

1. ALL STEPS LIKE OTHER SURVEYS U/S 133A  
(EXCEPT STOCK TAKING) - FOCUS IS TO  
GATHER INFORMATION