

**"COMPENDIUM OF - "INSTANCES INVOLVING IMP.
CHANGES IN COMPUTATION OF TAX AND LEVY OF PENALTY" -
"APPLICABLE FROM A.Y.2017-18"**

Sl. No.	Nature of Additions	Asst. u/s.	Additions u/s.	Tax rate provisions	Applicable penal proceedings	Rate of penalty	Remarks
1	False claims of deductions Chapter VIA by Salaried employees	143(3) / 144/147	16	Normal Tax Rates	270A(1) r.w. 270A (9)(a)	200%	The AO has given finding of false claim. Amounts to misrepresentation of facts.
2	Not offering ALV on the property	143(3) / 144/147	22	Normal Tax Rates	270A(1) r.w. 270A (9)(a)	200%	The assessee is supposed to offer ALV in the ROI. Not offering the house property income is suppression of fact.
3	Asessee claims bogus interest under the head income from house property and the same was brought to tax.	"143(3)/ "147"	24	Normal Tax Rates	270A(1) r.w. 270A(9)	200%	If the AO has proved that the assessee has claimedbogus claims without any evidence, then such addition is claim of expenditure not substantiated by any evidence and such addition made representing of mis representation of facts.
4	Unaccounted sales, not recorded in the books of account – gross profit brought to tax	143(3) / 144/147	28	Normal Tax Rates	270A(1) r.w. 270A (9)(e)	200%	Failure to record receipt in books of account and consequently profit was under reported which amounted to misreporting u/s. 270A(9)(e).
5	Suppression of receipts found in survey- current year (if assessee paid taxes in the relevant previous year itself)	143(3)	28	Normal Tax Rates	-	-	No penalty. However, since suppression of current year receipts is a finding in surveys, the evidence of suppression can be used against the assessee in the event of failure to pay the admitted taxes based on such suppressed receipts.
6	Suppression of receipts of earlier years	143(3) / 144/147	28	Normal Tax Rates	270A(1) r.w. 270A(9)(e)	200%	Failure to record receipts in books of account is misreporting u/s.270A(9)(e). Even in case of assesses where books were not maintained it amounts to misrepresentation of facts.

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7	Difference in valuation of stock	143(3)	28	Normal Tax Rates	270A(1)	50%	Normally the valuation in stock may differ on application of accounting standards. In such cases there may be addition but it may not be due to any misrepresentation of the facts.
8	Depreciation on vehicles – higher rate of 30% restricted to 15%, not considering the contract with travel agencies as business activity on plying of vehicles	143(3)	28	Normal Tax Rates	270A(1)	50%	The addition made by the AO is on the interpretation of legal provisions and not with any dispute on facts.
9	Sources for cash deposits explained as turnover with evidences addition made on estimation basis	143(3)	28	Normal Tax Rates	270A(1) r.w.s 270A (9)(e)	200%	The deposits beyond the receipts shown in the ROI are treated as turnover which means “suppression of receipts which clearly falls under 270A(9)(e)” and even though estimation is made there was no full disclosure on the part of the assessee. As such assessee cannot claim exception of under reporting u/s.270A(6)(c).
10	Receipts as per 26AS more than 1 crore. Assessee admitted only commission in the ROI. Proved by the AO that assessee did transport business and estimated the income on receipts.	143(3)	28	Normal Tax Rates	270A(1) r.w. 270A (9)(a)	200%	The assessee offered income on commission basis but during the proceedings he could not substantiate the same. The AO proved that the assessee did transport business and estimated the income. Since there was no full disclosure exception u/s. 270A(6) is not available to assessee.
11	Books rejected and profits estimated by the AO	143(3)	28	Normal Tax Rates	270A(1)	50%	The AO rejected the books of account for the failure of the assessee to substantiate the claims of expenditure but there was no finding of misrepresentation of facts.
12	Disallowance of additional depreciation (like eligible in the year of installation but claimed in other years)	143(3)	28	Normal Tax Rates	270A(1) r.w.s. 270 A (9) (a)	200%	Assessee misrepresented the fact by claiming additional depreciation in different year – other than the years of installation. Hence considered as misrepresentation of fact.

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13	Provisions made and debited to P & L A/c but expenditure not incurred during the year. Provisions disallowed.	143(3)	28	Normal Tax Rates	270A(1)	50%	The provisions were disallowed but there was no specific finding of falsification of account. In such case it is only underreporting.
14	Income offered u/s. 44AD claimed excess remuneration not allowable 40(b)(v)	143(3)	28	Normal Tax Rates	270A(1) r.w.s. 270 A (9)(a)	200%	The claim of partners remuneration beyond what is allowable as per partnership deed and sec. 40(b)(v) is misrepresentation of fact.
15	Excess turnover as per VAT returns and no satisfactory explanation by assessee -	143(3)	28	Normal Tax Rates	270A(1) r.w.s. 270 A(9)(e)	200%	Failure to record receipts in books of account is misreporting u/s.270A(9)(e). Even in case of assesses where books were not maintained it amounts to misrepresentation of facts.
16	Difference of gross receipts in 26AS and ROI and no satisfactory explanation by assessee	143(3)	28	Normal Tax Rates	270A(1) r.w.s. 270 A(9)(e)	200%	Failure to record receipts in books of account is misreporting u/s.270A(9)(e). Even in case of assesses where books were not maintained it amounts to misrepresentation of facts.
17	Trading of commodities and derivatives not shown in ROI	143(3)	28	Normal Tax Rates	270A(1) r.w.s. 270 A(9)(a)	200%	In case of assessing the profit, it amounted to suppression of fact by the assessee.
18	The assessee purchased immovable properties worth Rs.70,22,140/-. On verification of sources for investment, it was found that part of the investment was made out of borrowed funds of the business of the assessee. Hence, the proportionate interest attributable to the investment in personal property of the assessee was disallowed and added to the income returned.	143(3)	28	Normal Tax Rates	270A(1) r.w.s. 270 A(9)(a)	200%	The assessee failed to prove that the non-interest bearing funds were invested in purchase of personal asset. Further, the AO also proved that interest bearing funds were diverted for purchase of personal asset. As such it is treated as misrepresentation of fact.

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19	The assessee admitted Short Term Capital loss of Rs.25,23,525/- in the Return of Income from purchase and sale of shares. During the course of assessment proceedings, the assessee was asked to furnish details of intra-day transactions and other than intra-day transactions. The assessee submitted scrip-wise profit and loss statement for the above transactions. On verification of the same, it is found that assessee made profit of Rs.6,37,861/- from intra-day trading transactions, which is a speculation profit, and the assessee incurred Short Term Capital Loss of Rs.31,61,386/- . Since Short Term Capital Loss cannot be set off against speculation profit, the Short Term Capital Loss is allowed to be carried forward to subsequent years for setoff as per the provisions of the Act. The Speculation Profit of Rs.6,37,861/- is brought to tax without any set off of loss against it under the head 'Profits and Gains from Business/Profession'	143(3)	28	Normal Tax Rates	270A(1) r.w.s. 270 A(9)(a)	200%	The AO calculated the profit on intra-day transactions separately which ought to have been offered to tax as income from speculation business. Though eligible carry forward short term capital loss is increased there is difference in assessed income where speculation profit was brought to tax. The income from this head was misrepresented by the assessee by setting off of same with short term capital loss.
20	Disallowance was made u/s 14A.	143(3)	28	Normal Tax Rates	270A(1) r.w.s. 270 A(9)(a)	200%	The AO made addition by invoking Rule 8D and the diversion of funds for earning exempted income is also clearly discussed by the AO. By not making the disallowance or not correctly computing the disallowance u/s.14A, the assessee misrepresented the facts.

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21	Assessee claimed set off of business loss to the salary income, thereby reducing the Total Income of the assessee. The claim of business loss was restricted to other heads of income except salary. The income of the assessee was recomputed accordingly.	143(3)	28	Normal Tax Rates	270A(1)	50%	The act of the assessee is underreporting the income. There is no element of suppression of fact.
22	The assessee treated Grants from Govt. as Capital Grants. However, while completing the assessment, the said grants were treated as Revenue Grants. Disallowance u/s 80P(2)(d) was also made for wrong claim.	143(3)	28	Normal Tax Rates	270A(1)	50%	The disallowances not with any dispute on fact but the interpretation of the facts with the due legal provisions. Hence, the same is to be considered as underreporting only.
23	Expenditure towards Income Tax / Wealth tax Payments were not added back	143(3)	28	Normal Tax Rates	270A(1)	50%	The act of the assessee is underreporting the income. There is no element of suppression of fact.
24	Capital expenditure claimed as revenue by the assessee. In the assessment the AO disallowed the claim treating the same as capital expenditure.	143(3)	28	Normal Tax Rates	270A(1)	50%	Where the claim of the assessee is not allowable on due appreciation of the facts, but there was no finding of any misrepresentation. However, if a claim is not substantiated by the evidence, apparently capital in nature, the AO shall highlight the misrepresentation of fact.
25	Addition on account of trade payables brought to tax u/s. 41(1)	143(3)	28	Normal Tax Rates	270A(1)	50%	Since the assessed income Is varied from the income in 143(1) it is a case of underreporting. There was no finding of any misrepresentation of fact.
26	Disallowance on loss of sale of asset	143(3)	28	Normal Tax Rates	270A(1)	50%	Since the assessed income Is varied from the income in 143(1) it is a case of underreporting. There was no finding of any misrepresentation of fact.

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27	Disallowance u/s. 40(a)(ia)	143(3)	28	Normal Tax Rates	270A(1) r.w.s. 270 A(9)(a)	200%	The assessee has an obligation to disclose the amounts to be disallowed in the ROI. By not disallowing the amount material fact is misrepresented.
28	Disallowances for delayed payments of PF & ESI	143(3)	28	Normal Tax Rates	270A(1)	50%	since the disallowance of delayed payments is debatable issue. It is to be considered as underreporting only.
29	Disallowances u/s. 35D	143(3)	28	Normal Tax Rates	270A(1)	50%	since the disallowance is only restriction of expenditure is considered as underreporting only.
30	Disallowance of claim of 80IA	143(3)	28	Normal Tax Rates	270A(1) r.w.s. 270 A(9)(a)	200%	The assessee failed to substantiate the claim of 80IA rather than legal interpretation of the provisions.
31	Claim of prior period expenditure	143(3)	28	Normal Tax Rates	270A(1) r.w.s. 270 A(9)(a)	200%	The assessee claimed royalty which found to be pertaining to previous year. The assessee while following the merchantile system, made the claim against the consisting accounting method.
32	Bogus purchases	143(3)	28	Normal Tax Rates	270A(1) r.w.s. 270 A(9)(a)	200%	As the purchases itself are bogus, it is a false entry in the books of account.
33	Disallowance of depreciation - Claim of purchase of machineries from a company proved to be paper company by Inv Wing and finding is for specified previous year.	153A/143(3)	28	Normal Tax Rates	271AAB	Applicable rate	The disallowance of depreciation is undisclosed income since it is found to be a false entry in respect of an expense recorded in the books of account as per sub-clause 'ii' of clause 'c' of explanation below 271AAB(3).
34	Disallowance of depreciation - Claim of purchase of machineries from a company proved to be paper company by Inv Wing	147/143(3)	28	Normal Tax Rates	270A	200%	Where the disallowance of depreciation is not in respect of the undisclosed income as defined in sub-clause 'ii' of clause 'c' of explanation below 271AAB(3), such disallowance attracts penalty u/s 270A since it is misrepresentation of facts.

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35	Addition / Disallowance made in assessments u/s.153A, apart from the undisclosed income unearthed in search	153A	28	Normal Tax Rates	270A	50% / 200%	Only the 'undisclosed income' as defined in sec.271AAB attracts penalty in the said section. Other additions will attract penalty u/s.270A as under reporting of income/misreporting based on the facts relating to the addition.
36	Disallowance of expenditure towards Payment to bogus sub-contractor found in search - disallowed for year of search	153A	28	Normal Tax Rates	271AAB	Applicable rate	The addition comes under undisclosed income as defined in sec.271AAB.
37	Disallowance of expenditure towards Payment to bogus sub-contractor found in search - disallowed for the years preceding the year of search, for which due date of filing return was over as on date of search	153A	28	Normal Tax Rates	270A	200%	Since the disallowance is in respect of false entry, it amounts to misrepresentation of facts and consequently it attracts penalty @ 200% u/s 270A.
38	Bogus salary claimed. AO found that the claim is bogus.	143(3)	28	Normal Tax Rates	270A (9) (c)	200%	Claim of expenditure not substantiated by any evidence and hence the provisions of section 270A(9)(c) will attract.
39	Remuneration and interest income received from the firm	143(3)	28	Normal Tax Rates	270A (9)(a)	200%	Suppression of the fact of earning remuneration and interest income is misreporting and hence the provisions of section 270A(9)(a) will attract.
40	Consultancy income not offered	143(3)	28	Normal Tax Rates	270A (9)(a)	200%	Suppression of the fact of earning consultancy income is misreporting and hence the provisions of section 270A(9)(a) will attract.
41	Carry forward of business loss	143(3)	28	Normal Tax Rates	270A (9)(a)	200%	AO on verification of earlier ROIs, it is found that there is no business loss to be carried forward and hence the claim of the assessee is rejected. The act of the assessee is misrepresentation of fact and hence the provisions of section 270A (9) (a) will attract.

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42	Claim of exemption u/s.54F (for investment in residential flat) denied because assessee purchased one more flat in the same assessment year – LTCG brought to tax as per sec. 54F(2) – (there is no column in the ITR to disclose second investment in the same assessment year – wrong claim which is not debatable and not allowable is made in the ROI)	143(3)	45	Normal Tax Rates	270A(1) r.w.s. 270 A(9)(a)	200%	The assessee is not eligible for making the claim since he purchased another asset within the same year other than the new asset. Since he is aware of the purchase of the asset, claiming deduction u/s. 54F is misrepresentation of fact. This amounted to knowingly making an ineligible claim.
43	Capital gains from sale of immovable property not offered to tax	143(3)	45	Normal Tax Rates	270A(1) r.w. 270 A(9)(a)	200%	The assessee suppressed the fact of having the capital gains income in the ROI already filed .
44	Claim exemption u/s. 54F evidences submitted were not to the extent of claim made – part of the claim disallowed	143(3)	45	Normal Tax Rates	270A(1)	50%	Evidences given but could not be proved the satisfaction of the AO but there is no finding of wrong claim
45	Sale of immovable property – LTCG shown by the assessee tax as STCG by the AO	143(3)	45	Normal Tax Rates	270A(1)	50%	In the case AO treating the period of holding different from the view of the assessee and the assessee's view is on bonafide belief, it is only underreporting. However, if the period of holding is undebatedly pertains to STCG it may amount to misreporting.
46	Assessee claimed the asset as agriculture land but asseessed as capital asset (where the distance is more than stipulated kms but assessed due to the factors like development, cost etc)	143(3)	45	Normal Tax Rates	270A(1)	50%	Since the asset was treated as capital asset on appreciation of facts prone for interpretation, it is treated only as underreporting.
47	Assessee claimed exemption as agriculture land but AO proved that within the prescribed distance	143(3)	45	Normal Tax Rates	270A(1) r.w. 270 A(9)(a)	200%	The distance is an irrefutable fact and as such claiming exemption is misrepresentation of fact.

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48	Capital gains arising in Joint Development Agreements (JDA) not admitted in the ROI	143(3)	45	Normal Tax Rates	270A(1) r.w. 270 A(9)(a)	200%	For the AY 2017-18, assessee ought to have offer capital gains on transfer of asset in JDA. By not admitting the capital gain income the fact of deriving capital gains income is suppressed.
49	Restricting cost of acquisition based on SRO value and no material facts disclosed by the Assessee are proved to be wrong	143(3)	45	Normal Tax Rates	270A(1)	50%	In the case of AO adopting the SRO value rejecting the value adopted by the assessee and assessee furnishes reasonable evidence for his claim, it is to be treated as underreporting only.
50	Sale cum GPA agreements where the GPA holder transfers in AY 2017-18 or afterwards	143(3)	45	Normal Tax Rates	270A(1) r.w. 270 A(9)(a)	200%	In case of sale cum GPA holder transferring the property, it is the sale cum GPA holder who derived the capital gains. As such he ought to have offer capital gains to tax but suppressed the same.
51	Deduction u/s. 54G claimed but not eligible	143(3)	45	Normal Tax Rates	270A(1) r.w.s 270 A(9)(a)	200%	Misrepresentation of fact by claiming wrong deduction.
52	Cost of acquisition disallowed based on the details as per BRS application	143(3)	45	Normal Tax Rates	270A(1) r.w. 270 A(9)(a)	200%	Assessee claimed excess value of construction both in terms of area and value which clearly misrepresentation of facts.
53	Disallowance of claim of sec.54B since the property was not agriculture land	143(3)	45	Normal Tax Rates	270A(1) r.w.s 270 A(9)(a)	200%	Misrepresentation of fact by claiming wrong deduction.
54	Wrong claim of commission paid to the agent while arriving at STCG on sale of house property. AO found that no commission was paid to the agent.	143(3)	45	Normal Tax Rates	270A (9)(c)	200%	Claim of expenditure not substantiated by any evidence and hence the provisions of section 270A(9)(c) will attract.
55	Assessee adopted wrong indexation due to incorrect appliaction of cost inflation index while arriving at LTCG on sale of site.	143(3)	45	Normal Tax Rates	270A(1)	50%	It is a case of under reporting of LTCG. There was no misrepresentation of facts.

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56	Interest on Fixed Deposits not offered to tax	143(3)	56	Normal Tax Rates	270A(1) r.w. 270 A(9)(a)	200%	Suppression of the fact of earning interest income is misreporting.
57	Purchase of immovable property – difference between document value and govt. value – difference added u/s. 56(2)(vii)(b)	143(3)	56	Normal Tax Rates	270A(1) r.w. 270 A(9)(a)	200%	The assessee ought to have reported the difference under the head income from other sources. But by not reporting the same is suppressed the fact of having deemed income to this extent.
58	Cash deposits – in excess to the sale consideration and accepted as such by the AO (on money receipts)	143(3)	56	Normal Tax Rates	270A(1) r.w.s 270 A(9)(a)	200%	Not showing the entire amount of on money receipts is a suppression of fact amounting to misrepresentation
59	Deemed dividend u/s. 2(22)(e)	143(3)	56	Normal Tax Rates	270A(1)	50%	There is no column in return for the director to disclose deemed income u/s. 2(22)(e). Facts were disclosed before the AO. Hence, underreporting only.
60	Agricultural income brought to tax as income from other sources	143(3)	56	Normal Tax Rates	-	-	AO assessed the excess amount under the head other sources after estimation of agricultural income. Such estimation comes within sec. 270A(6) out of the purview of underreporting of income.
61	In the computation of capital gains it is noticed that the assessee has offered the sale consideration over and above the market value as well the consideration recorded in the sale deed. In the absense of any supporting evidence that the excess amount claimed to be the sale consideration has been treated as income from other sources, by reducing the capital gains to that extent accordingly .	143(3)/147	56	Normal Tax Rates	No penalty	-	A.O. is satisfied that consideration is in connection with transfer of property only. There is no misrepresentation of facts on part of the assessee. Though the treatment of assessing the excess consideration has resulted into addition under the head 'Income from Other Sources', this case clearly falls under section 270(6)(a) and there is no under reporting of income.

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62	Cash credit entries in books of accounts not explained	144	68	115BBE (77.25%)	271AAC	10%	Additions u/s.115BBE attract penalty u/s.271AAC
63	Cash Deposits in Bank, which are not recorded in books of account	144	68	115BBE (77.25%)	271AAC	10%	Additions u/s.115BBE attract penalty u/s.271AAC
64	Opening cash balance not explained	143(3)	68	115BBE (77.25%)	271AAC	10%	Additions u/s.115BBE attract penalty u/s.271AAC
65	Unexplained credits in capital account	143(3)	68	115BBE (77.25%)	271AAC	10%	Sources for credits in capital account were not explained. Additions u/s.115BBE attract penalty u/s.271AAC
66	penny stock cases where exemption u/s. 10(38) was claimed	143(3)	68	115BBE (77.25%)	271AAC	10%	Additions u/s.115BBE attract penalty u/s.271AAC
67	Difference in stock found at the time of Survey, treated by the AO as unexplained investment	143(3)	69	115BBE (77.25%)	271AAC	10%	Additions u/s.115BBE attract penalty u/s.271AAC
68	Purchase of immovable property – failure of assessee to explain the sources of investment – where the assessee is not required to maintain books of account (salaried employees, assessee covered u/s.44AD etc.)	143(3)	69	115BBE (77.25%)	271AAC	10%	Additions u/s.115BBE attract penalty u/s.271AAC
69	Purchase of immovable property – failure of assessee to explain the sources of investment – where the assessee is required to maintain books of account but not maintained (auditable cases but did not maintain books)	143(3)	69	115BBE (77.25%)	271AAC	10%	Additions u/s.115BBE attract penalty u/s.271AAC

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70	Purchase of immovable property – failure of assessee to explain the sources of investment – where the assessee has maintained books of accounts	143(3)	69	115BBE (77.25%)	271AAC	10%	Additions u/s.115BBE attract penalty u/s.271AAC
71	Acquisition of immovable property – sources not explained –unexplained investment	144	69	115BBE (77.25%)	271AAC	10%	Additions u/s.115BBE attract penalty u/s.271AAC
72	Investment in shares not explained	143(3)	69	115BBE (77.25%)	271AAC	10%	Sources for Investments was not explained. Additions u/s.115BBE attract penalty u/s.271AAC
73	Sources for investment – creditors confirmed the loan but AO brought to tax partial amount as no creditworthiness	143(3)	69	115BBE (77.25%)	271AAC	10%	The AO to the extent of creditworthiness is not proved treated the sources of investment as unexplained. Additions u/s.115BBE attract penalty u/s.271AAC
74	MAT/AMT - 115JB . Zero tax companies have to pay taxes according to book profit computed u/s 115JB . If such computation method is not perfectly reported, then AO can compute in the same method and if addition is made under book profit u/s 115JB	143(3)	115 JB	MAT Tax Rates	270A	50%	Under reporting of income since the AO has computed the book profit from the recorded figures.
75	MAT - 115JB - when normal provisions tax is less than the MAT tax but taxes paid as per normal provisions only	143(3)	115 JB	MAT Tax Rates	270A	50%	Under reporting of income.
76	The assessee, during the subject year, received the unrealised rent pertaining to the earlier year, and has not offered the same as income from house property. Addition was made to that extent under the head income from house property	143(3)/ 147	25 AA	Normal Tax Rates	270A(1) r.w. 270A(9)	200%	If the AO has proved that the assessee has claimedbogus claims without any evidence, then such addition is claim of expenditure not substantiated by any evidence and such addition made representing of mis representation of facts.

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77	40A(3) payments - disallowance expenditure incurred in cash over above Rs. 20,000/- for the AY 2017-18 and from AY 2018-19 limit restricted to Rs.10,000/-	143(3)/147	40A(3)	Normal Tax Rates	270A(1)	200%	If it is an audited case, the audit report should mention such payments. Even if mentioned, assessee has not offered to tax voluntarily and only found when AO verified the books, then it is misrepresentation of facts.
78	During the assessment proceedings it was noticed that the assessee has paid the liability towards the expenditure claimed for the earlier years in cash exceeding Rs. 20,000/- (AY 2017-18) and Rs. 10,000 (AY 2018-19 onwards). Such amount is treated as assessee's income during the year in which the payment in cash was made.	143(3)/147	40A(3A)	Normal Tax Rates	270A(1)	200%	In a case where the auditor has not identified this mistake and not reported in the audit report, this amounts to misrepresentation of facts.
79	During the assessment proceedings it was noticed that the assessee has paid the liability towards the expenditure claimed for the earlier years in cash exceeding Rs. 20,000/- (AY 2017-18) and Rs. 10,000 (AY 2018-19 onwards). Such amount is treated as assessee's income during the year in which the payment in cash was made.	143(3)	40A(3A)	Normal Tax Rates	270A(1) r.w. 270A(9)	50%	In a case where inspite of the auditor has identified this mistake and reported in the audit report for disallowance and the assessee has not considered in the same, then this instance amounts to under reporting, considering that A.O. is satisfied it could be mistake in computation.

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80	Special provision for full value of consideration for transfer of assets other than capital asset (stock in trade) (real estate sectors) - 43CA. Where consideration received or accruing as result of transfer (other than capital asset) being land or building or both is less than the value adopted or assessed or assessable by any authority of a state government for the purpose of payment of stamp duty in respect of such transfer, the value determined as per stamp authority for the purpose of computing profit and gain from transfer of such asset be deemed to be full value. If consideration offered less than stamp duty value, then difference amount is brought to tax.	143(3)/147	43CA	Normal Tax Rates	270A(1) r.w. 270A(9)	200%	Failure to disclose the correct value u/s.43CA and thus by suppressed/ misrepresented the fact of "deemed sale consideration".
81	LTCG brought to tax by invoking sec. 50C – (Relevant column of 50C in the ROI is not filled in or wrongly filled in)	143(3)	50C	Normal Tax Rates	270A(1) r.w. 270A(9)(a)	200%	Failure to report the correct value u/s.50C and thus by suppressed/ misrepresented the fact of "deemed sale consideration".
82	Invoking of sec. 50C – notice u/s. 148 issued – no ITR filed in response to notice u/s.148 – LTCG brought to tax	144	50C	Normal Tax Rates	270A(1) r.w. 270A(9)(a)	200%	The assessee suppressed the fact of having the income chargeable to tax by his act of not filing the return even in response to notice i/s.148.

Sl. No.	Nature of Additions	Asst. u/s.	Additions u/s.	Tax rate provisions	Applicable penal proceedings	Rate of penalty	Remarks
83	The assessee company, in which the public are not substantially interested, or a firm has received shares of a company, in which public are not substantially interested, for a no consideration or for a consideration less than the fair market value by an amount exceeding Rs. 50,000/-. The difference exceeding Rs. 50,000/- has been brought to tax under income from other sources	143(3)/147	56(2)(x)	Normal Tax Rates	270A(1) r.w. 270A(9)	200%	In the ROI, the schedule of other income contains specific column to report income u/s 56. The assessee did not report any income but failed to substantiate the genuineness of the transaction of receipt of shares for no consideration/lesser consideration. Such finding of the A.O. will only result in penalty @ 200% since the income was not reported in the ROI.
84	the assessee company, in which the public are not substantially interested, has received consideration, from a resident, for issue of shares, exceeding the face value of the shares. The excess consideration over and above the fair market value of the shares has been brought to tax under income from other sources	143(3)/147	56(2)(x)	Normal Tax Rates	270A(1) r.w. 270A(9)	200%	In the ROI, the schedule of other income contains specific column to report income u/s 56. The assessee did not report any income but failed to substantiate the genuineness of the transaction of receipt of premium on shares. Such finding of the A.O. will only result in penalty @ 200% since the income was not reported in the ROI.
85	Agricultural income brought to tax as income from other sources	143(3)	68/69A	115BBE (77.25%)	271AAC	10%	Additions u/s.115BBE attracts penalty u/s.271AAC. Here the AO has given a finding that neither the extent of land holdings nor the claim of lease proved to be bogus. The addition is made u/s.68 in case where books of account were maintained and sec.69A in case where books of account were not maintained.

Sl. No.	Nature of Additions	Asst. u/s.	Additions u/s.	Tax rate provisions	Applicable penal proceedings	Rate of penalty	Remarks
86	Assessee paid credit card bills could not explain the sources	143(3)	69A	115BBE (77.25%)	271AAC	10%	Additions u/s.115BBE attract penalty u/s.271AAC
87	Cash deposits – sources explained as receipts from unregistered sale agreements proved to be not genuine	143(3)	69A	115BBE (77.25%)	271AAC	10%	Additions u/s.115BBE attract penalty u/s.271AAC
88	Expenditure incurred (not debited to P&L A/c) being personal in nature – sources not explained	143(3)	69A	115BBE (77.25%)	271AAC	10%	Source for fee paid to medical college towards daughter's education is not explained. Additions u/s.115BBE attract penalty u/s.271AAC
89	Excess cash/ jewellery found in Search, assessee declares as additional income and pays tax	153A	69A	Rate applicable to Section 115BBE	271AAB	Applicable rate	Undisclosed income found in search attracts penalty u/s.271AAB
90	IDS, where undisclosed income is treated as income for the AY 2017-18 u/s.197(b) of the Finance Act 2016.	147	Applicable section as per nature of income	Normal Tax Rates / 115BBE	270A(9)	200%	In case the nature of income declared is regular business income, capital gains etc., but other than the deemed incomes under sec. 68,69, 69A, 69B & 69C
91	IDS, where undisclosed income is treated as income for the AY 2017-18 u/s.197(b) of the Finance Act 2016.	147	Applicable section as per nature of income	115BBE (77.25%)	271AAC	10%	In case the nature of income is unexplained cash credits, unexplained investments, unexplained cash and are taxable under sec. 68, 69, 69A, 69B & 69C

Sec. 270A(6) The under-reported income, for the purposes of this section, shall not include the following, namely:—

(a) the amount of income in respect of which the assessee offers an explanation and the Assessing Officer or the Commissioner (Appeals) or the Commissioner or the Principal Commissioner, as the case may be, is satisfied that the explanation is bona fide and the assessee has disclosed all the material facts to substantiate the explanation offered; The assessee offered the explanation but addition was made. There was no clearcut finding on disputing explanation of the assessee. Assessee's claim of past savings is accepted in part, addition due to low personal drawings etc.

Note1: (b) the amount of under-reported income determined on the basis of an estimate, if the accounts are correct and complete to the satisfaction of the Assessing Officer or the Commissioner (Appeals) or the Commissioner or the Principal Commissioner, as the case may be, but the method employed is such that the income cannot properly be deduced therefrom; In contractor's cases addition was made on estimation due to low profit relying on case laws, profit was estimated as few vouchers were not amenable for verification. However, cases where the AO gives finding on correctness of the vouchers or the entries in account books is not covered by exception in this clause. Similarly round some disallowances of expenditure from particular heads of expenses (travelling, conveyance, repairs and maintenance, staff welfare etc.) are also covered under this clause provided there is no specific finding on genuineness of the expenditure or correctness of the account books.

(c) the amount of under-reported income determined on the basis of an estimate, if the assessee has, on his own, estimated a lower amount of addition or disallowance on the same issue, has included such amount in the computation of his income and has disclosed all the facts material to the addition or disallowance; Disallowance due to personal use of cars etc.,

(d) the amount of under-reported income represented by any addition made in conformity with the arm's length price determined by the Transfer Pricing Officer, where the assessee had maintained information and documents as prescribed under section 92D, declared the international transaction under Chapter X, and, disclosed all the material facts relating to the transaction; and Where the arm's length price is adjusted on PLI under TNMM method and all the international transactions were declared by the assessee.

(e) the amount of undisclosed amount referred to in section 271AAB. Additions made in case of assessments u/s 153A, to the extent of undisclosed income found in search, are not covered under sec. 270A. This clause refers to such additions. However, the additions outside the purview of section 271AAB will attract penalty u/s.270A.

	<p>Sec. 270A(9) The cases of misreporting of income referred to in sub-section (8) shall be the following, namely:—</p>
	<p>(a) misrepresentation or suppression of facts; Any fact which ought to have been declared in the return of income or during the course of assessments proceedings is either suppressed or facts were misrepresented. For example capital gains income was not at all shown in the return of income, claims of improvement were made but proved to be wrong, incorrect claim of sec.54/54F, wrong claims under chapter VIA etc.</p>
	<p>(b) failure to record investments in the books of account; Prima facie unaccounted investments are brought to tax u/s. 115BBE and penalty is leviable u/s.271AAC</p>
Note2:	<p>(c) claim of expenditure not substantiated by any evidence; When the Assessing Officer asked for specific evidence on expenditure but no evidence is submitted or assessee failed to substantiate the expenditure claim. Here the assessing officer gave finding that assessee failed to produce any evidence on the claim of expenditure (roundsome additions are not covered under this clause). The AO shall clearly give a finding that claim is not proved.</p>
	<p>(d) recording of any false entry in the books of account; Bogus pruchases, accommodation entries and any other entry which is proved to be false entry.</p>
	<p>(e) failure to record any receipt in books of account having a bearing on total income; and Suppression of turnover, not recording interest income, rents etc where books of accounts were maintained.</p>
	<p>(f) failure to report any international transaction or any transaction deemed to be an international transaction or any specified domestic transaction, to which the provisions of Chapter X apply. The report furnished by the assessee omits certain international transactions and the TPO / AO determaind arm's length price on such transactions which results in addition.</p>
Note3:	<p>"Applicable rate for the purpose of section 271AAB is 30% if assessee admits the undisclosed income in a statement u/s 132(4) and specifies the manner of deriving such income and substantiate the same. Assessee also pays the tax together with the interest on or before 139(1)/time specified in notice u/s 153A and files the ROI admitting such undisclosed income. "The penalty is to be levied @ 60% if the assessee fails to adhere to the conditions specified like admitting the income, paying the taxes and filing the ROI in respect of the undisclosed income as mentioned above."</p>

DISCLAIMER :

This Compendium is prepared for the convenience of the Assessing Officers to make them aware of the new provisions and their practical applicability in the assessments w.r.t various disallowances/additions.

This compilation serves only as a Guidance Note and for authenticity, reference shall always made to specific facts of the case and relevant provisions of the Income Tax Act.

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