

FOR DEPARTMENTAL USE ONLY



# Manual of Office Procedure

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(MISCELLANEOUS)

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**DIRECTORATE OF INCOME TAX**  
(ORGANISATION & MANAGEMENT SERVICES)  
CENTRAL BOARD OF DIRECT TAXES  
DEPARTMENT OF REVENUE  
GOVERNMENT OF INDIA

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## **OUR VISION**

The Department will be recognised as a professional organisation, collecting resources efficiently, considerate towards its clients, adapting and improving and promoting voluntary compliance.

## **OUR MISSION**

To promote compliance with our direct tax laws, through caring taxpayer service and strict enforcement and thus realize maximum resources for the Nation.

## **OUR VALUES**

Integrity of conduct,  
Dedication to our duties and values,  
Professionalism in our work,  
Attitude of service to our clients and Fostering mutual confidence.

## Chapter- 1

### **AUTHORITY FOR ADVANCE RULINGS**

**1.1 Introduction :** The scheme of advance rulings was introduced by the Finance Act, 1993, Chapter XIX-B of the Income Tax Act ('the Act'), which deals with advance rulings, came into force with effect from 1.6.1993. Under the scheme, as now enacted, the power of giving advance rulings has been entrusted to an independent adjudicatory body. The procedure prescribed is simple, inexpensive, expeditious and authoritative. Accordingly, a high level body headed by a retired judge of the Supreme Court has been set up. This is empowered to issue rulings which are binding both on the Income-tax department and the applicant.

**1.2 The concept of Advance Ruling :** 'Advance Ruling' means written opinion or authoritative decision by an Authority empowered to render it with regard to the tax consequences of a transaction or proposed transaction or an assessment in regard thereto. It has been defined in section 245N(a) of the Income Tax Act, 1961 as amended from time to time. Under section 245N, a ruling can be obtained by an applicant (who may be either a non-resident or a resident having a transaction with a non-resident) in respect of any question of law or fact in relation to a transaction undertaken or proposed to be undertaken. A resident can also apply for seeking a ruling in advance in respect of issues relating to computation of total income which is pending before any Income-tax authority or appellate tribunal on any question of law or fact relating to such computation of total income provided he falls within the specified categories to be notified in the official Gazette. [The Central Government vide Notification No.11456 dated 3.8.2000 has specified a public sector company as defined in section 2(36A) as being such a class of persons under section 245 N(b)(iii) of Chapter XIXB.]

**2.1 The composition of the Authority :** The Authority consists of a Chairman and two Members. The Chairman is a retired Judge of the Supreme Court. One of the Members is to be appointed from the Indian Revenue Service from amongst officers who are eligible to be appointed as Member of the CBDT. This Member can conveniently be referred to as Revenue Member. The other Member is an officer of the Indian Legal Service. He must be eligible to be Additional Secretary to the Government of India. He may conveniently referred to as Law Member. The salaries and allowances payable to, and the terms and conditions of service of the Members have been prescribed by the Government of India. The Authority has thus been constituted to function as an objective and independent quasi-judicial tribunal not bound or affected by the Revenue department's views on any issue.

**2.2 The functions of Authority :** The Chairman and two Members of the Authority function as a collective body in disposing of the applications before them. However, section 245P makes it clear that the Authority can be constituted with less than three members also. Thus, if one or two members are not able to join on account of a vacancy, leave or retirement, the Authority would not become non-functional. Section 245P also takes care of any situation when some one may seek to question the functioning of the Authority on the ground of some technical defect.

Under the procedure rules, an application cannot be disposed of by only one member. The presence of the Chairman is also an essential requirement of the procedure. This ensures that the experience and expertise of the Supreme Court Judge is always available to the Authority. In the case of difference of opinion among the members, the majority view shall prevail. However,

where the Chairman and another member hear a case and are divided in their opinion, the opinion of the Chairman prevails.

### **2.3 The powers of the Authority:-**

a. Section 245U deals with the powers of the Authority. Sub-section(1) provides that for the purpose of exercising its powers, the Authority shall have all the powers of a civil court under the Code of Civil Procedure, 1908(5 of 1908) as stipulated in section 131 of the Act.

b. Section 245R empowers the Authority to frame rules to regulate its own procedure in all matters arising out of the exercise of its powers under the Act. In accordance with the powers vested in the Authority vide this section, the Authority for Advance Rulings (Procedure) Rules, 1996 have been promulgated and the same have been notified in the Gazette of India on 18th of September, 1996. These rules of procedure have been referred to in this chapter, wherever appropriate.

**2.4 The secretariat of the Authority :** Section 245-O empowers the Central Government to provide the Authority with such officers and staff as may be necessary for the efficient exercise of statutory powers . The head of the establishment of the Authority is its Secretary. He is of the rank of a Commissioner of Income-tax. He is assisted by two Deputy Secretaries of the rank of Additional or Joint Commissioners of Income-tax. These officers look after the administration of the Authority in all respects and their powers and duties are set out in detail in the relevant rules.

**3.1 Who can seek advance ruling :** The advance ruling under the Income Tax Act could be sought by :-

- a. a non-resident (Section 2(30) )
- b. resident having transactions with a non-resident [Section 2(40)]
- c. specified categories of persons [Section 2(31) of the IT Act, 1961]

### **3.2 Salient features:-**

a. Available only for Income Tax:-

The procedure of advance ruling is available only under the Income-tax Act, 1961.

b. Must relate to a transaction entered into or proposed to be entered into by the applicant:-

The advance ruling is to be given on questions specified in relation to such a transaction by the applicant.

c. Questions on which ruling can be sought:-

i. Even though the word used in the definition is the word "question", it is clear that the applicant can raise more than one question in one application. This has been made amply clear by Column No.8 of the form of application for obtaining an advance ruling (Form No.34C).

ii. Though the word "question" is unqualified, it is only proper to read it as a reference to questions of law or fact, pertaining to the income tax liability of the applicant qua the transaction undertaken or proposed to be undertaken by him.

iii. The question may be on points of law as well as on fact; therefore, mixed questions of law and fact can also be included in the application. The questions should be so

drafted that each question is capable of a brief answer. This may need breaking-up of complex questions into two or more simple questions.

iv. The questions should arise out of the statement of facts given with the application. No ruling will be given on a purely hypothetical question. No question not specified in the application can be urged. Normally a question is not allowed to be amended but in deserving cases the Authority may allow amendment of one or more questions.

v. Subject to the limitations to be presently referred to, the question may relate to any aspect of the applicant's liability including international aspects and aspects governed by double tax agreements. The questions may even cover aspects of allied laws that may have a bearing on tax liability such as the law of contracts, the law of trusts and the like, but the question must have a direct bearing, on and nexus with the interpretation of the Indian Income Tax Act.

**3.3 Questions precluded :** Under Section 245R, certain restrictions have been imposed on the admissibility of an application, if the question concerned is pending before other authorities. According to it, the authority shall not allow an application where the question raised by the non-resident applicant (or a resident applicant having transaction with a non-resident) is already pending before any income-tax authority or appellate tribunal or any court of law. Further, the authority shall not allow the application where the question raised in it :-

- i. involves determination of fair market value of any property; or
- ii. it relates to a transaction or issue which is designed prima facie for the avoidance of income-tax.

**4.1 Procedure of application for advance ruling :** An applicant desirous of obtaining an advance ruling should apply to the Authority in the prescribed form stating the question on which the ruling is sought. The application has to be made in quadruplicate in Form Nos:-

- |     |   |   |
|-----|---|---|
| 34C | - | applicable for a non-resident applicant   |
| 34D | - | applicable for a resident having transactions with a non-resident and   |
| 34E | - | applicable for notified categories of residents (at present the notified category comprises only a public sector company) |

The application is to be accompanied by an account payee demand draft for 2,500 Indian rupees drawn in favour of the Authority for Advance Rulings and made payable at New Delhi.

**4.2 Procedure on receipt of application :** On receipt of an application, one copy is forwarded to the Commissioner having jurisdiction over the case of the applicant and, if considered necessary by the Authority, relevant records are also obtained from him. In cases where the applicants are not existing assesseees, sometimes it becomes difficult to determine as to which Commissioner would have jurisdiction over the case of the applicant. In such cases, the Central Board of Direct Taxes (CBDT) is requested under rule 13(1) of the Procedure Rules to designate a Commissioner in respect of an applicant within two weeks. The Commissioner is also called upon to offer his comments on the contents of the application under rule 13(2) of the Procedure Rules which are considered by the Authority along with the statement of facts and submissions of the applicant. Section 245R(2) provides that the Authority may, after examining the application and the records called for, either 'allow' or 'reject' the application. The word 'allow' has been used as synonymous with 'admit'. In other words, after examining the records,

the Authority either admits or rejects the application. In case the Authority decides to admit the application, it is empowered to collect or receive additional material. It will examine all the material thus made available to it before pronouncing a ruling on the application. In appropriate cases, the Authority may call upon any person to supply such material as it may consider necessary to assist the Authority in arriving at a decision, under Rule-16 of the Procedure Rules.

**4.3 Hearing when necessary :** The Authority may not hear the applicant (or the Commissioner) if it is satisfied that it can dispose of the application in favour of the applicant. However, if the applicant desires that he should be heard, an opportunity has to be provided to him to put forward his case. The Authority is not obliged to hear the Commissioner but, in fairness, will do so, if requested. The applicant can appear in person or by his authorised representative. The authorised representative should file a document authorising him to appear and also explain the nature of his authority. The document should be signed by the applicant as well as the authorised representative. The Commissioner too can either be heard in person or through his authorised representative. The hearings are not open to the public.

**4.4 Role of the Commissioner of Income Tax :** In a normal case, the Commissioner having jurisdiction over the matter before the Authority or in a special case, the Commissioner designated by the CBDT to represent the Income-tax department becomes a party before the Authority. He has the following responsibilities:-

- i. The Commissioner must ensure that the question raised before the Authority does not pertain to precluded categories. He must particularly; ensure that the matter is not pending before other authorities.
- ii. He may authorise a person in writing to appear, plead and act for him in any proceedings before the Authority under Rule-2(e) of the Procedure Rules. Hence, a Special Counsel can be appointed, if so required.
- iii. In the event of any additional facts being presented before the Authority, the Commissioner has a right to insist that he should get an opportunity to rebut or comment on such additional facts.
- iv. The Commissioner can inspect the records under Rule-22 of Procedure Rules.
- v. He is entitled to a copy of the certified ruling.
- vi. He and officers subordinate to him are subject to the ruling given in the case of the applicant and the transaction.

**5.1 Effects of advance ruling :** The effect of the ruling is, understandably, stated to be limited to the parties appeared before the Authority and the transaction in relation to which the ruling was given. This is because the ruling was rendered on a set of facts before the Authority and cannot be of general application. It may, however, be stated that the Authority generally follows the ruling in other cases on materially similar facts and, most certainly in other cases raising the same question of law. However, if the Commissioner of Income Tax represents to the Authority that the advance ruling has been obtained by fraud or misrepresentation of facts, u/s 245T, the Authority may treat its earlier ruling as void. It is, therefore, incumbent on the Commissioner to examine the facts of each case carefully to try and ensure that nobody obtains an advance ruling by fraud or misrepresentation.

## Chapter- 2

### INCOME TAX SETTLEMENT COMMISSION

**1.1** The Settlement Commission was set up in 1976, on the recommendations of the Wanchoo Committee, through Chapter-XIXA of the Act.

**1.2 Salient features :** Some of unique features characterising its functioning are :-

- a. The commission functions independently of the Department. It settles disputes relating to tax liability totally and finally.
- b. It pronounces and sets out the final terms of settlement in the court itself.
- c. It is empowered to grant immunity from prosecution for any offence committed under the laws relating to direct taxes or under any other Central enactment. It is competent to grant immunity from imposition of any penalty under the Income-tax and Wealth-tax Acts. It can also waive interest chargeable under the various provisions of the Income-tax and Wealth-tax Acts.
- d. All proceedings before the Commission are confidential.
- e. The orders of the Commission are subject to only judicial review in terms of Articles 136 and 226 of the Constitution of India.

**1.3 Organisational structure:-**

#### Chairman

The Chairman of the Commission is a statutory authority under the Income Tax and Wealth-tax Acts. He is the administrative head of the Commission. His main functions are as under:-

- i. He is the Presiding Officer of the Principal Bench and decides settlement applications along with other Members of the Bench.
- ii. He may authorise the Vice-Chairman or other Member appointed to one Bench to discharge also the functions of the Vice-Chairman or other Member of any other Bench under section 245BA of the Act.
- iii. He assigns jurisdictions to different benches of the Commission.
- iv. He transfers cases from one bench to another bench under section 245BC of the Act.
- v. In the case of difference of opinion among Members of a bench, he either hears the case himself or he refers the same for hearing to another Member.

#### Vice-Chairman

- i. The Vice-Chairman is the Presiding Officer of the additional bench and decides settlement applications along with other members of the bench.
- ii. He ensures the efficient and smooth functioning of the additional bench.

#### Members

- i. The Members hear and decide settlement applications along with the Chairman/Vice-Chairman.

### Secretary

The Secretary is a statutory authority under the Income Tax Settlement Commission (Procedure) Rules, 1987 and Wealth-tax (Procedure) Rules, 1987. He performs both technical and administrative functions. His main functions are as under:-

- i. He scrutinises all settlement applications received and put up to him to ensure that these fulfill all the requirements laid down under the I.T. and WT Act and Rules.
- ii. He may assist the Commission, if so directed, in the hearing of the settlement applications under section 245D(1) of the Income Tax Act and under section 22D(1) of the Wealth-tax Act.
- iii. He assists the Commission in dealing with misc. applications relating to recovery of taxes, grant of instalments etc.
- iv. He deals with all technical matters such as revision of forms, rules, procedures etc.

### Director of Investigation

The Director of Investigation is over-all incharge of the work of Additional/Joint/Deputy directors of Investigation and assists the commission in passing orders under section 245D(4) of the Income Tax Act and 22D(4) of the Wealth-tax Act. His main functions are as under:-

- i. He scrutinises the annexures and statements of facts received along with settlement applications.
- ii. He supervises the work of the Dy. Directors of Investigation and guides them in preparing their reports.

### Addl./Jt./Deputy Director of Investigation

The Addl./Joint/Deputy Directors of Investigation make enquiries on behalf of the Commission and verify correctness of the facts stated in the annexures and statements of fact accompanying settlement applications. They prepare reports regarding facts of cases, issues to be settled etc. These reports are submitted to the Commission through the Director of Investigation.

## **1.4 The Powers of Settlement Commission:-**

- i. The Settlement Commission has all the powers of Income-tax authorities in respect of proceedings pending before it.
- ii. It may reopen completed proceedings u/s 245E of the IT Act.
- iii. It has inherent jurisdiction to rectify any error committed by it when such error is prejudicial to a party for which that party is not responsible. However, it does not have the power to review its own order if the matter raised by the applicant has been properly considered and a decision has been taken thereon.

- iv. The Commission has the power to grant immunity from prosecution and penalty.
- v. It also enjoys the power to order provisional attachment to protect the interest of revenue; the CIT concerned may take advantage of this power in appropriate cases.
- vi. It may send a case back to the AO if the assessee does not cooperate.
- vii. It may also bar subsequent applications for settlement in certain cases.
- viii. The Commission may waive interest permitted under the provisions of the IT Act and Rules and the circulars issued thereunder.

**2.1 Filing of application before Settlement Commission :** Any assessee desirous of settling his cases has to make an application in Form 34B under section 245C of the Income Tax Act, 1961.

Under Section 245F(7) of the Act the Commission is empowered to regulate its own procedures in all matters arising out of exercise of its powers. The Chairman may, for disposal of any particular case, constitute a special bench consisting of at least five members drawn from all benches of the Commission.

**2.2 Points to be checked :** The main points to be checked by the Commission and also the Commissioner of Income-tax concerned, are as under:-

- i. Whether the applicant has furnished the return of income as required under part (a) of the proviso to section 245C(1).
- ii. Whether the additional amount of tax payable on income disclosed exceeds Rs. 1,00,000/- as required under part (b) of the proviso to section 245C(1).
- iii. Whether calculation of additional tax payable as shown against column (2) of the Annexure to the application is as given in the manner laid down in sub-sections (1B) to (1D) of section 245C.
- iv. In a case of search under section 132, whether the application has been filed after the expiry of 120 days from the date of seizure.
- v. Whether there is a case pending before an Income-tax authority within the meaning of section 245A(b).
- vi. Whether the information against Column 10 of the application (Form. 34B) is provided separately or whether it is clubbed with the information given in the Annexure to the application. If it is clubbed, it should be called for separately.
- vii. Whether the information relating to column 11 of the application is given separately or it is incorporated in the application itself? If not incorporated, it should be called for separately.
- viii. Whether the annexure to the application is accompanied by full and true statement of facts regarding the issues to the settled including terms of the statement as required in Col.3 of the annexure?
- ix. Whether the manner in which the additional income disclosed has been derived is given as required in Col.4 of the annexure to the application.
- x. Whether computation of total income for the year(s) for which the application is made, is given?
- xi. Whether copies of relevant accounts as required in Notes (i), (ii) and (iii) of the annexure to the application, are attached?

xii. Whether full particular of proceedings pending before Income-tax authorities are given?

**2.3 Role of CIT :** A copy of application is sent to Commissioner of Income Tax (CIT) for his report under section 245D(1) of the Act. If it is prima facie maintainable [Rule 6 of Income Tax Settlement Commission (Procedure) Rules, 1987], the Commissioner has to furnish the report in the prescribed proforma within 45 days, u/s 245D(1) of the Act. The Commissioner of Income Tax is particularly required to comment on whether any complexity of investigation is involved and whether any proceedings are pending. The Commissioner's report should not be mechanical. He may not object to admission without application of mind.

On receipt of the Commissioner report (or even when his report is not received within the prescribed period of 45 days), the Secretary prepares a note regarding the prima facie admissibility of the case before the commission under section 245D(1) of the Act. After considering the Commissioner's report and Secretary's note, the Commission may straightway admit the application under section 245D(1) even without hearing the parties. In most cases, however, the Commission directs that the case be fixed for hearing. The applicant is entitled to a copy of the Commissioner's report. The latter is expected to keep a watch on the proceedings and should ensure that the Assessing Officer appears as and when necessary with the documents and case records. The Commissioner is also required to submit a report under Rule-9 of Income Tax Settlement Commission (Procedure) Rule 1997 on the statement of facts (SOF) submitted by the applicant and the facts of the case on record before the final settlement is made.

**2.4 Role and responsibility of CIT(DR) :** CIT(DR) represents the Commissioner of Income-tax before the Settlement Commission and presents the views of the Income-tax department. He is not an officer of the Settlement Commission but of the Income-tax department. He, however, assists the Commission in the performance of its statutory functions. Both at the admission as well as the settlement stage, he projects the departmental point of view. It is, therefore, essential for the Assessing Officer to brief him on the facts of the case beforehand and also at the time of hearing.

**3.1 Admission of settlement application :** The question whether the settlement application filed under section 245C of the Income Tax Act, 1961 is to be admitted or not, would depend upon the facts and circumstances of each case. Order under section 245D(1) cannot be passed in violation of the principles of the natural justice. Since section 245D of the Income Tax Act, 1961, confers jurisdiction on the Commission to either proceed with a settlement application or to reject it, there is no bar on the Assessing Officer continuing with the assessment proceedings pending before him in any case merely because the assessee has preferred an application for settlement to Commission in relation to that case. The Act does not contemplate stay of assessment proceedings when the Settlement Commission is still deciding whether to proceed or not to proceed with an application. Absence of complexity of investigation would lead to rejection of an application under section 245D(1). The Commission also looks into the nature and circumstances of the case before deciding admission.

**3.2 Role of Assessing Officer :-**

- i. It is incumbent on the Assessing Officer to keep a check on payment of tax by the assessee applicant once his application is admitted by the Commission. In this regard, the Commission will forward a copy of the order under section 245D(1) and the statement of facts (SOF) to him. If the applicant fails to pay tax, the AO must bring such default to the notice of the Commission.
- ii. The AO is also required to proceed with pending cases till such time as the Commission admits the case. Mere filing of an application, does not ipso facto stay the assessment proceedings pending. Sections 245A and 245F of I.T. Act stipulate that if a matter has been admitted by the Commission, it will have all the powers of the Assessing Officer regarding the disputed items of income pending before it. No other authority can assess the income once the case is admitted by the Commission.
- iii. The applicant's non-cooperation with the Department should be intimated by the CIT to CIT(DR).
- iv. The AO is required to remain present at the time of hearing of the case for admission and also for settlement, along with case records, documents and seized documents, if any. He is also required to brief the CIT(DR) before the hearing for admission and also for settlement.
- v. If complex investigation is considered necessary, the AO should apply to the Commission through the CIT for permission to conduct such enquiry.
- vi. No appeal normally lies against the order of the Settlement Commission. However, judicial review in the High Court is possible.
- vii. If the Settlement-Commission's order contains a factual error, the AO should approach the CIT(DR) through his CIT to file a miscellaneous petition before the Commission to rectify the same.

**4.1 Final order of settlement :** After passing an order under section 245D(1) of the Act allowing the settlement application to be proceeded with, the Settlement Commission calls for the Commissioner's further report under Rule 9 of the Income Tax Settlement Commission (Procedure) Rules, 1997. This rule requires that the annexure to the application, together with a copy each of the statements and other documents accompanying such annexure, is forwarded to the Commissioner of Income Tax along with a copy of the order under section 245D(1); under Rule 9. The Commissioner is then required to furnish a further report u/s 245F(2) on the matters covered by the application and any other matter relating to the case; after making such further enquiry or investigation, as necessary, within 45 days of the receipt of the said Annexures (including the statements and other documents accompanying them) or within such further period as the Commission may specify. If the Commissioner fails to furnish his report on or before the expiry of the aforesaid period, the Commission may pass appropriate orders without such report. It is necessary, in appropriate cases of higher revenue potential, to file paper books containing documentary evidence in support of the Department's point of view. The settlement is made in open court and the applicant is required to abide by the terms of settlement. While determining the terms of settlement, the Commission quantifies the demand by way of tax, penalty or interest.

## Chapter- 3

### SURVEYS

1. **The object of surveys is to collect information useful for enforcement. By conducting surveys, income-tax authorities independently gather information relating to financial transactions of various classes of persons as may be useful for, or relevant to, any proceedings under the Income-tax Act. Surveys also enable the department to check the veracity of the statements filed by such persons before the income-tax authorities. Information collected through surveys may lead to discovery of new assesseees and stop filers. It also helps in detecting tax violations like, under reporting of income in returns of filers, failure to deduct tax at source by persons responsible for doing so, failure to pay the tax deducted at source by deductors and failure to furnish returns and statements by persons who were statutorily obliged to do so.**

2. Categories of surveys

2.1 **Surveys under the Income tax Act, 1961 broadly fall into following categories:-**

- i. Surveys u/s 133A(1),
- ii. Surveys for checking ostentatious expenditure, u/s 133A(5),
- iii. Door-to-door survey u/s 133B, and
- IV. Collection of information by Central Information Branches from pre-determined sources

3. Survey under sub-section (1) of section 133A of the Income tax Act, 1961

3.1 **Income tax authorities empowered to carry out survey :The Income-tax authorities empowered to carry out a survey u/s 133A(1) have been enumerated in the Explanation (a) below section 133A(6).**

3.2 **Places where survey can be carried out : For conducting a survey u/s 133A(1), an income tax authority is empowered to enter any of the following places at which a business or a profession is carried on, whether such place be the principal place or not of such business or profession:-**

- a. any place within the limits of the area assigned to him,
- b. any place occupied by any person in respect of whom he exercises jurisdiction,

c. any place in respect of which he is authorised, for the purposes of section 133A, by such income tax authority, who is assigned the area within which such place is situated or who exercises jurisdiction in respect of any person occupying such place.<sup>1</sup>

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<sup>1</sup> Premises of third parties, including a chartered accountant, a pleader or income-tax practitioner, of whom the assessee may be a client, are not places which could be entered into for the purpose of section

**3.3 Survey can also be carried out at any other place - whether any business or profession is carried on therein or not - in which the person concerned who is carrying on the business or profession states that any of his books of account or other documents or any part of his cash or stock or other valuable article or thing relating to his business or profession is kept.**

**3.4 An income-tax authority may enter any place of business or profession to carry out a survey u/s 133A (1) during the hours at which such place is open for conduct of business or profession. In the case of any other place where books of account, documents or cash, stock or other valuable articles relating to the business or profession is or are kept, such authority may enter the premises only between sunrise and sunset.**

Powers of the Income tax authority acting under section 133-A(1) :

**3.5 The powers of the Income tax authority acting under section 133-A(1) are:-**

- i. to inspect books of account or other documents as he may require and are available at the place of survey;
- ii. with effect from 01.06.2002) to impound and retain in his custody for such period as he thinks fit any books of account or other documents inspected by him;<sup>2</sup>
- iii. to place marks of identification on the books of account or other documents inspected and make or cause to be made extracts or copies therefrom;
- iv. to check or verify the cash, stock or other valuable article or thing which may be found in the place surveyed;
- v. to make an inventory of cash, stock or other valuable article or thing checked or verified by him;
- vi. to obtain from the proprietor, employee or any other person attending to, or helping in, the carrying of business or profession at the time of the survey, information as to any matter which may useful for, or relevant to, any proceedings under the Income tax Act; and
- vii. to record the statement of any person which may be useful for, or relevant to, any proceedings under the Income tax Act.

**3.6 An authorised Inspector of Income-tax can exercise the powers mentioned at (i) and (iii) above only, namely, to inspect books of account or other documents as he may require and are available at the place of survey and to place marks of identification on the books of account or other documents inspected and make or cause to be made extracts or copies therefrom.**

**3.7 The Income-tax authority carrying survey u/s 133-A is, specifically prohibited from removing or causing to be removed from the place surveyed, any cash, stock or other valuable articles or things.**

Duties of the person whose premise is surveyed

**3.8 During the course of survey, the proprietor, employee, or any other person attending to, or helping in, the carrying on of the business or profession is required to :-**

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133A. (Board's Circular No. 7-D(LXII-7) of 1967, dated 3.5.1967)<sup>2</sup>Introduced by the Finance Act, 2002, with effect from 01.06.2002.. The income -tax authority can impound any books of account or other documents only after recording his reasons for doing so. Also, he cannot retain in his custody the impounded books of account or other documents for a period exceeding fifteen days (exclusive of

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holidays) without obtaining the approval of Chief Commissioner or Director General or Commissioner

- i. afford to the income-tax authority conducting the survey, necessary facility to (a) inspect the books of account and other documents which are available at that place; and (b) check or verify the cash or stock or other valuable articles or thing which are found at that place; and
- ii. furnish to the income tax authority conducting the survey, such information as may be required by him on any matter which may be useful for, or relevant to, any proceedings under the Income-tax Act.

**3.9 Section 133A(6) empowers the income-tax authority conducting survey (other than an authorised Inspector) to exercise powers u/s 131(1), if the person covered by the proceedings u/s 133A either refuses or evades to afford the aforesaid facilities to the income-tax authority or to furnish any information or to have his statement recorded. Summons u/s 131(1) are issued in a non-statutory form. It would be advisable if a mention of section 133A(6) is also made on the summons issued to enforce compliance with the aforesaid requirements. Non-compliance with the summons u/s 131(1) of the Act, invites penal action u/s 272A(1)(c).**

**3.10 Planning and preparation of survey under section 133 A(1) : A survey u/s 133A(1) of the Act needs careful planning and preparations. Ordinarily surveys under section 133A(1) should be carried out by the income-tax authorities of the charges of the Commissioners of Income-tax. These should be conducted under the direct supervision of the range Joint/Additional Commissioner of Income-tax and in consultation with the Commissioner of Income-tax. In exceptional circumstances (e.g. as a follow-up or supporting action of a search operation u/s 132), the Directorate of Income Tax (Investigation) may also conduct surveys u/s 133A(1). These should be conducted under the direct supervision of an income-tax authority, not below the rank of an Assistant Director of Income-tax (Investigation) and the Joint/Additional Director and the Director of Income-tax (Investigation) should be informed about the same as soon as possible after the commencement of the survey.**

**3.11 Some points relating to planning and preparation for surveys under section 133A(1) are briefly discussed below:-**

- i. The information about the person to be surveyed and the object of the survey should be kept confidential.
- ii. Correctness of the address of the premises proposed to be surveyed should be ensured.
- iii. If the survey is to be carried out by an Inspector, proper authorisation, signed and sealed by the competent authority should be obtained.
- iv. It should be ensured that the income-tax authorities conducting a survey carry with them their valid identity cards, designation rubber stamp and stationery required.
- v. Information about the time when the premises generally opens for business should be gathered before conducting the survey.
- vi. Before conducting the survey, information should be collected whether the business/professional establishment proposed to be surveyed has any branches or godowns. It should be carefully examined whether it is necessary to cover all the premises simultaneously, and if so, necessary arrangements in this regard should be made in advance.
- vii. It should be ensured that proper manpower is available for the survey.
- viii. The assessment and other records of the person in whose case survey is being conducted should be carefully studied.
- ix. The income-tax authority authorising or conducting the survey should be:-
  - b. clear about the objective of the survey, i.e. what information is proposed to be obtained;
  - c. fully familiar with the relevant provisions of the Income-tax Act and the Income-tax Rules.

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or Director.<sup>3</sup>The discussion on surveys under section 133A(5), in the following paragraphs also takes

i. The income-tax authority authorising or supervising or conducting the survey should prepare contingency plans providing for alternative action if the particular person is not available, the particular accounts or documents are not available and for any other unexpected responses.

ii. Where a number of premises are being covered by different parties with reference to inquiry on the same or similar points, a written brief should be prepared and given to each survey party. This will ensure uniformity of approach in the gathering of information.

3.12 Verification of cash : **This power is available to all the income-tax authorities carrying out survey, except the authorised Inspector. Verification of cash calls for the following steps:-**

i. Take charge of cash books, including main/subsidiary and rough/fair cash books as well as slips relating to cash transactions which are yet to be entered in such books.

ii. Count the cash in the till. Prepare a statement regarding the cash found and get the signature of the person present on the statement so prepared.

iii. Get the cash book posted upto the minute.

iv. Check payments and receipts with reference to the vouchers or other evidence.

v. Ascertain the difference between the cash as per the till and cash as per the cash book and obtain an explanation or reconciliation for the difference, signed by the person present.

Verification of stock

3.13 **This power is available to all the income-tax authorities carrying out survey, except the authorised Inspector.**

3.14 **Proper verification of stock can lead to discovery of substantial understatement of stock/sales. The following general principles should be kept in mind :-**

i. The income tax authority conducting the survey should find out about the precise nature of business carried on by the person at whose premises the survey is being conducted and also collect information about the nature of stock, nature of Stock Register(s) and other documents for stock maintained. He should also find out whether under any law or rules applicable to the business, it is obligatory for the person to maintain a stock register or any other document for stock.

ii. The income tax authority conducting the survey should take charge of the stock register(s) and get entries posted upto the minute on the basis of the purchase and sale vouchers. He should take care to include consignment sales and consignment purchases.

iii. An inventory of the stock available in the place being surveyed should be prepared. This should be compared with the stock as per the stock register. If the two figures do not tally, the person in whose case the survey is being conducted should be asked to explain or reconcile the difference.

iv. The value of excess or deficient stock should be determined on the basis of documents like, the purchase invoices and vouchers for direct expenses such as, carriage inwards.

v. In the case of manufacturing concerns, the raw material issue register and register of finished goods maintained as per the applicable Excise Rules should be scrutinised. If the quantity of raw material and of finished goods found on physical verification does not tally with the figures as shown in the stock register and finished goods register respectively, the person present should be asked to explain or reconcile the difference.

vi. It should be found out whether the assessee has credit facilities with any bank, and if so, whether he has furnished any stock statement to the bank for the previous month/quarter. It should be checked whether the quantity of stock reported to the bank tallies with the stock shown in the stock register. If the two figures do not tally, the person whose premises is being surveyed should be asked to explain or reconcile the difference.

vii. The authority conducting the survey should ascertain whether the stock found also includes items on which the date or month of manufacture is required to be stamped under any statutory enactment, order or rule. In case the stock found comprises such items, suitable sample checks and comparisons of the stamped dates with the entries made in the stock register and other documents like, purchase bills could be useful. This may give a clue as to whether there are any purchases/ sales outside the books.

viii. Other aspects to be seen in the course of survey would be cash credit, long pending trade credits, long pending uncleared consignment transactions etc.

ix. The income-tax authority conducting survey should at all times be vigilant and look out for any books of account, papers, diaries and other documents, etc. containing suspicious entries.

x. In the case of rubber stamps available in the premises, impression should be taken and the person present should be asked to authenticate the same.

xi. Special care should be taken to detect TDS violations, especially when the main objective of a survey is to find out whether the person is fully complying with the TDS provisions.

3.15 Recording of the statement : **An important part of the survey operation is recording of statements. A statement can be recorded by the competent income-tax authority conducting the survey, but not by the authorised Inspector. While recording the statement, the following points should be kept in mind:-**

i. No promise, threat or inducement should be offered while recording the statement.

ii. The statement should preferably be recorded in the language known to the deponent.

iii. Conjectures and surmises should be avoided.

3.16 Books of account and other documents found in the course of the survey: **If during a survey, books of account and other documents are found, the income-tax authority conducting the survey should examine whether these would be useful in the assessment or other proceedings. He should decide whether these should be impounded or not. With effect from 01.06.2002, an income-tax authority (other than an Income Tax Inspector) has the power to impound and retain in his custody books of account or other documents inspected by him after recording his reasons for so doing.**

3.17 Placing of identification marks on the books of account and other documents : **Identification marks should normally comprise the dated signature of the income tax authority carrying out the survey, to be made on the documents or accounts produced which are to be identified. It would be advisable to write the name and designation of the income-tax authority conducting the survey in block letters or affix rubber stamp containing his name and designation. Such documents on which identification marks have been placed should be listed in the report of the survey.**

3.18 Report of survey : **After completion of a survey, a report should be prepared about the operation and results. The income-tax authority conducting the survey should make out a self-contained report setting out the following information. :-**

- i. Name and address of the person(s) covered by survey
- ii. PAN of the person(s) covered by survey
- iii. Name and address of the premises surveyed
- iv. Purpose of the survey
- v. Time and date of entry into the premises surveyed and the time of conclusion of the survey
- vi. Persons present during the survey
- vii. Brief narration of work done and material found during the survey
- viii. Details of statements recorded
- ix. Assessment Year for which information will be relevant
- x. Surveying authority's comments, including comments on the follow-up action required
- xi. Signature of the income-tax authority

**3.19 The Survey report should also contain:-**

- i. List of books/documents seen, with details of the places where identification marks have been placed.
- ii. List of books of account and other documents impounded and retained in his custody by the income-tax authority and the date on which this was done.
- iii. Details of cash/ stock found, discrepancy, if noticed and reconciliation or explanation given by the person present.
- iv. Details of other significant transactions noticed.
- v. Copies of the statements, if any recorded.
- vi. Any other relevant information.

**3.20 Where the survey is conducted by the officers working in the charge of Commissioner of Income-tax, it must be ensured that the copies of the survey report are sent to the Commissioner of Income-tax and the range Additional/Joint Commissioner of Income-tax. Where the survey is conducted by the Directorate of Income Tax (Investigation), copies of the Survey Report should be forwarded by the authority making the survey (through the Joint/Additional Director in-charge of the Investigation Unit,) to the jurisdictional Commissioner and the range Additional/Joint Commissioner under intimation to the Director of Income-tax (Investigation).**

4. Survey under section 133 A(5)<sup>3</sup>

**4.1 Section 133A(5) of the Income-tax Act, 1961 empowers certain income-tax authorities to make inquiries regarding the expenditure incurred by an assessee in connection with any function, ceremony or event.**

**4.2 Income tax authorities empowered to carry out survey: The income-tax authorities empowered to carry out a survey under sub-section (5) of section 133A have been enumerated in the Explanation (a) below section 133A(6) of the Income Tax Act, 1961.**

**4.3 While all the income-tax authorities enumerated in the Explanation (a) below section 133A(6) have the statutory power to conduct survey under section 133A(5) of the Income-tax Act, the Board have issued instructions<sup>4</sup> to the effect that such surveys are to be conducted only by the Investigation Wing of the Department. If the Commissioner is of the opinion that powers u/s 133A(5) should be exercised in respect of**

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<sup>4</sup>Board's Instruction No. 1865 dated 14.11.1990.<sup>5</sup>The discussion on surveys under section under section

**any particular function, ceremony or event, he may have the survey conducted through the Investigation Wing.**

Powers of the income tax authority acting u/s 133-A(5)

**4.4 The powers of the Income-tax authority acting u/s 133-A(5) are:-**

- i. to require the assessee who has incurred expenditure or any other person who, in the opinion of the income-tax authority, is likely to possess information about the expenditure incurred, to furnish such information as he may require as to any matter which may be useful for, or relevant to, any proceedings under the Income-tax Act;
- ii. to record the statement of the assessee or any other person (such statement could be used as evidence in any proceedings under the Act).

**4.5 The income-tax authority can exercise the powers mentioned above only after the function, ceremony or event.**

**4.6 Section 133A(6) empowers the income-tax authority conducting a survey (other than an authorised Inspector) to exercise powers u/s 131(1) of the Income-tax Act, if the person covered by the proceedings u/s 133A either refuses or evades to furnish any information or to have his statement recorded. Summons u/s 131(1) are issued in a non-statutory form. It would be advisable if mention of section 133A(6) is also made in the summons issued to enforce compliance with the aforesaid requirements. Non-compliance with the summons under section 131(1) of the Income Tax Act, 1961 invites penal action under section 272 A (1)( c).**

**4.7 Types of functions, ceremonies and events which can be covered u/s 133A(5): It is not possible to give an exhaustive list of functions, ceremonies and events which can be covered u/s 133A(5). However, a list of some such functions, ceremonies and events is given below: -**

- i. Marriage and other connected functions and ceremonies.
- ii. Inauguration of new business.
- iii. Inaugurations of new houses.
- iv. Birthday and other such functions.
- v. Social parties and gatherings like New Year Eve parties; film premiers/functions to celebrate launching or success of a film, etc.
- vi. Functions and ceremonies to celebrate festivals and occasions like Diwali, Holi, New Year, Christmas which, *inter-alia*, involve expenditure on costly gifts.
- vii. Functions for introduction/launching of new commercial products ,etc.

Identification and selection of cases for survey u/s 133A(5) and gathering of intelligence

**4.8 For the purpose of identifying and selecting a case to be covered by survey u/s 133A(5), intelligence may be gathered from the following sources: -**

- i. Printing presses primarily engaged in printing of invitation cards.
- ii. Prominent hotels and guest houses.
- iii. Prominent clubs.
- iv. Barat Ghars/Marriage halls.
- v. Caterers.
- vi. Decorators.
- vii. Tent houses and tent suppliers.
- viii. Prominent band agencies.
- ix. Musical parties, entertainment parties, etc.

4.9 Intelligence from the above sources may also be gathered with regard to advance booking made, amount of advance paid, mode of payment of advance, name and address of the person who has made the booking or on whose behalf the booking has been done, and nature and extent of services to be availed of. Inquiries in this regard should be conducted very discreetly. An attempt should be made to select such cases where substantial expenditure is likely to be incurred.

Some important points relevant to conducting of survey u/s 133A(5)

4.10 Some points relevant to conducting of survey u/s 133A(5) are briefly discussed below:-

- i. Although intelligence gathering, which would help in identifying a function, ceremony or event to be selected for survey, may precede the functions, ceremony or event, the actual survey, including recording of statements of the assessee and other witnesses, is to be conducted only after the function, ceremony or event is over. This would be in accordance with the provisions of section 133A(5). The time gap between recording of statements of various persons should, however, be kept minimum without at the same time inviting any hostilities. The statements should be matched and compared with one another with a view to detecting discrepancies and ascertaining the correct factual position.
- ii. Before undertaking a survey u/s 133A(5), the authority concerned should clearly record his opinion that it is necessary or expedient to collect information with regard to expenditure incurred in connection with the function, ceremony or event selected for the purpose.
- iii. If the survey is to be carried out by an Inspector, a proper authorisation, signed and sealed by the competent authority should be obtained.
- iv. It should be ensured that the income-tax authorities conducting survey carry their valid identity cards, designation rubber stamp and enough stationery with them.
- v. It should be ensured that proper manpower is deployed for the survey.
- vi. The income-tax authority authorising or conducting survey should study the assessment and other records of the person and be fully familiar with the relevant provisions of the Income-tax Act and Rules.
- vii. Where a number of income-tax authorities are simultaneously making inquiries from a number of persons or recording their statements, a written brief should be prepared and given to each of the said authorities. This will ensure uniformity of approach in the gathering of information.

4.11 Some examples of type of the information which should be gathered during survey under section 133A(5) : **It is not possible to list all items of expenditure about which information should be collected in the course of the survey. It would be useful to collect information in respect of expenditure on the following items:-**

- i. Invitation cards.
- ii. Sweets, distributed along with invitation cards.
- iii. Stay of guests in hotels, guest houses, clubs, houses taken on hire, Barat-ghar/marriage halls.
- iv. Catering and food supplied by the hotels, clubs, caterers, sweets shops etc.
- v. Illumination, decoration and furniture taken on hire.
- vi. Travelling expenses including air travel, rail travel, engaging of buses, taxies etc.
- vii. Hiring of band.
- viii. Engagement of musical parties, singers, stage artists, qawalls, etc.
- ix. Photography, including video photography.
- x. Gifts and presents given to the bride, bridegroom and guests.

- xi. Purchase of jewellery.
- xii. Expenses in connection with travelling and stay of bride and bridegroom immediately after marriage.

4.12 Recording of the statement : **An important part of the survey u/s 133A(5) is recording of a statement. In the statement of the assessee or any other person, recorded immediately after the function, ceremony or event is over, it is necessary to make him commit on the quantum of cash gifts received by him so that the amount admitted is not inflated subsequently for the purpose of explaining the expenditure. Other points mentioned at paragraph (3.15) [Recording of Statement in Surveys under section 133A(1)] should also be kept in view.**

Investigations after collection of information

4.13 **The inquiries conducted and information collected should be followed by further investigation by collecting evidence from outside agencies who have supplied goods and services in connection with the function, ceremony or event. This will include collecting of information from the printing press, sweet shop, hotel, club, barat ghar/marriage hall, decorator, tent supplier, florist, electric shop engaged for illumination work, Indian Air lines/other Air Lines, taxi and bus operator, photographer, jewellery shop etc. Information regarding the amount finally paid, mode of payment of the amount and the services availed of should be collected along with necessary evidence.**

4.14 **After the expenditure incurred on the function, ceremony or event has been quantified, the concerned assessee may be confronted with the same. Requisite inquiry with regard to source of funds for expenditure should also be made from him. A logical conclusion should be drawn with regard to the quantum of expenditure incurred by the assessee and also the source thereof.**

Report on survey under section 133 A (5)

4.15 **After completion of a survey, a report should prepared about the operation and result of the survey. The ADIT(Inv.)/DDIT(Inv.) conducting/organising the survey should make out a self-contained report setting out the following information:-**

- i. Name and address of the assessee.
- ii. P A N, if allotted and designation of the Assessing Officer.
- iii. Object of the survey, giving nature and date of function, ceremony or event.
- iv. Brief narration of work done and material found during survey.
- v. Details of statements recorded.
- vi. Assessment Year(s) for which the information will be relevant.
- vii. Comments.

4.16 **The self contained report should thereafter be put up to the Director of Income Tax (Inv.) through the concerned Joint/Additional Director of Income-tax (Inv.). The Director of Income-tax (Inv.) should then give his specific recommendation about the assessments to be taken up for scrutiny and should forward the report to the Commissioner under intimation to the Director General of Income-tax (Inv.)**

4.17 **Supervision and monitoring : Inquiries in connection with survey u/s 133A(5) should be supervised by the Directors of Income Tax (Inv.). These cases should be monitored by the Directors-General of Income-tax (Inv.).**

4.18 **Press release on surveys : The Directors-General of Income-tax (Inv.) should, in appropriate cases, issue press releases giving broad details of the results achieved, without mentioning the names of the persons covered in the survey u/s 133A(5). No name of any official should be mentioned in any press release.**

Reports on surveys u/s 133A(5) to the Board

4.19 A quarterly report giving the number of cases covered u/s 133A(5) by each Director of Income Tax (Inv.) and the names of the cases along with the quantum of expenditure found to be incurred should be furnished by the Directors General of Income Tax (Inv.) so as to reach the Board by the 15th of the month following the quarter.

4.20 Details of note worthy cases should also be brought to the notice of the Board through separate reports.

5. Survey under section 133B of the Income Tax Act, 1961<sup>5</sup>

5.1 Section 133B of the Income-tax Act empowers certain income-tax authorities to enter any building or place, within the limits of his jurisdiction, at which a business or profession is carried on and to require the proprietor, employee or any other person, who may be attending to the business or profession, to furnish information in the prescribed Form No. 45D.

Objective of survey u/s 133B

5.2 The main objective of a survey u/s 133B is to identify and detect new taxpayers. Such surveys also help in identifying stop filers and in detecting evasion of taxes by persons who are filing returns of income.

5.3 Surveys u/s 133B should be carried out in such a way that the maximum number of new taxpayers are added to the existing taxpayers without giving rise to any complaints of harassment from the public. Such surveys should, therefore, be preceded by proper planning and publicity. As such a survey is not a secret operation, advance notice of the same may be given. Prior publicity should also be given, explaining the scope of inquiries that can be made under this provision. The names, addresses and telephone numbers of the controlling officers should also be publicized so that they can be easily contacted if there is any problem during survey. This will remove any fear or misconception from the minds of the public.

5.4 Income-tax authorities empowered to carry out survey : The income-tax authorities empowered to carry out a survey under section 133B have been enumerated in the Explanation below section 133B(3) of the Income-tax Act, 1961.

Places where survey can be carried out

5.5 For conducting survey, an income-tax authority is empowered to enter any of the following places at which a business or a profession is carried on, whether such place be the principal place or not of such business or profession :-

- a. any building or place within the limits of the area assigned to him, and
- b. any building or place occupied by any person in respect of whom he exercises jurisdiction.

5.6 An income-tax authority may enter any place of business or profession to carry out a survey u/s 133B only during the hours at which such place is open for conduct of business or profession.

Powers of the income tax authority acting under section 133B

5.7 The powers of an income-tax authority acting under section 133 B are to enter any building or place referred to at paragraph 5.5 above and require any proprietor, employee or any other person who may be at that time and place be attending to, or helping in, the carrying of business or profession to furnish such information as may be prescribed. The information required to be furnished u/s 133B is in Form No. 45D.<sup>6</sup>

5.8 The income-tax authority carrying survey u/s 133B is specifically prohibited from removing or causing to be removed from the place surveyed, any books of account or other documents or any cash, stock or other valuable article or thing.

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<sup>6</sup>See Rule 112 E of the Income Tax Rules, 1962<sup>7</sup>Board's letter F.No. 414/60/99-IT(Inv.-I) dated 17th

5.9 Selection of area, etc. for survey : **The selection of areas, markets, commercial complexes, etc. for survey should be made by the Director of Income Tax (Inv.) in consultation with the Commissioner of Income-tax concerned. The officer authorising survey should have a clear picture of the nature and potential of the area.**

Procedures for survey under section 133B

5.10 **In order to ensure that survey u/s 133B is conducted systematically and thoroughly, the following procedures should be followed :-**

i. The officer in-charge of surveys u/s 133B (who can be an Income Tax Officer) should pass an order authorising a team of Inspectors to carry out survey under section 133B in an area within a specified time. This authorisation should contain the names of the Inspectors forming the survey team, the specific area to be covered and the dates within which the survey must be completed. A copy of the authorisation should be kept in a permanent folder by the officer in-charge of survey.

ii. At the commencement of the survey, the Inspectors should be directed to cover the area systematically and from end to end, to ensure that no premises are omitted. In the case of a street, the survey party will start from one end of the street. They will then proceed premise-by-premise on that side of that street till they reach the other end. Then they will cross over and follow the same pattern till they reach the end from where they had started.

iii. In the case of multi-storeyed complexes, the survey party will systematically move from floor to floor and on each floor, from room to room.

5.11 **In order to maintain proper control over the survey, it is necessary to have a 'Street/Area Directory' in which information about each of the premises covered will be noted. Separate directories should be maintained in respect of each area/locality/street covered by the survey. The first page of the directory should contain a sketch map of the area/locality/street giving important landmarks. Municipal door numbers at important junctions, etc. so that an area can be clearly identified. The names of the authorised Inspectors carrying out the survey and the period during which it was carried out should also be mentioned on the first page. The main body of the directory should contain a record of the all buildings with their municipal numbers in the same order as they actually exist in the area/locality/street. If a building with a particular municipal number has more than one premise, the details in respect of all the premises of the building should be recorded. Similarly if a building with a particular municipal number is a multistoreyed building, the details in respect of all the premises on each of the floors of the building should be recorded systematically. The 'Street/Area Directory' should contain the following information about the building actually existing:-**

- i. Municipal No.
- ii. Address of the premises/floor No./room No. or other identification.
- iii. Date of survey
- iv. Name of the concern occupying the premises
- v. Status of the concern
- vi. Nature of business or profession
- vii. Whether new assessee or an existing assessee (if latter, the PAN to be mentioned)
- viii. Action recommended and the range Joint/Additional Commissioner of Income tax to whom report sent.

5.12. **While recording information in respect of a specific municipal number information in respect of all the premises in that building should be recorded before moving to the next municipal number. If, during survey, any premise is found to be residential or vacant, the Inspector should merely note this fact in the directory and proceed to the next premise.**

5.13. All the premises of the area selected for survey should be covered without exception while undertaking survey for the first time. Re-survey should be taken up after a reasonable interval of time depending on the phase of commercial development and new businesses set up in that area. During the course of re-survey of the same area only such premises may be covered which have come up subsequently and have not been covered by the earlier survey. The street area/ directory' prepared earlier should be utilized for knowing exactly the premises which had been covered earlier. Thus as far as possible, the existing assessees should be avoided during re-survey.

Information gathered in Form No. 45D

5.14 The prescribed Form No. 45D seeks information on various aspects of the business or profession, namely, nature of business or profession ownership details, nature of accounts, bank account details and finally an estimate of income from all sources and agricultural income. There are fourteen columns in the form, which are required to be filled in by the persons present in the premises. However, if the person/concern is an existing assessee who has filed the return of income for the preceding assessment year, only columns 1 to 6 of the form are required to be filled in. The form ends with a declaration (to be signed by the person giving the information) that the information furnished is correct, complete and truly stated to the best of his knowledge and belief. The form is to be got filled in duplicate.

5.15. While collecting the information in Form 45D, the Inspector may ask the person present on the spot to explain any entry in the columns of the form. He may also seek clarification if there are any obvious or glaring contradictions in the information furnished. If necessary, the Inspector may also make discreet inquiries relating to the information given in the form and give a report.

5.16 Report of survey under section 133B : In addition to the information collected in Form No. 45D, the Inspector who conducted the survey should give a brief supplementary report, *inter alia* estimating the income of the person, if such estimate varies substantially from the estimate given by the person in Form No. 45D. The Inspector who conducted the survey should also give the basis for such estimate and the recommendation for follow-up actions, such as those u/s 142/147, especially in the cases of new taxpayers. In the case of existing assessees, the Inspector will also verify whether the PAN given is correct and whether there is any change in the address/status/constitution etc., and mention this in his report.

5.17 The reports of the Inspector should be put up to the officer in-charge of survey for his approval. The immediately superior officer of the officer in-charge of survey should also check at least 5% of the survey reports.

Processing of Forms No. 45 D collected by the Inspector

5.18 The forms collected by the Inspectors during the course of survey should be sorted out so as to separate those pertaining to the existing assessees and those in respect of which no action is required to be taken by the Assessing Officer. Such forms should be filed. However, a test check should be carried out by picking up a few of the forms of the existing assessees at random to see if the claim of being an existing assessee has been correctly made.

5.19 Forms pertaining to those persons in respect of whom action u/s 142(1)/147, should be forwarded every month to the concerned range Joint/Additional Commissioner. These forms should be sent along with a list of the cases in following format:-

- i. S.No.
- ii. Name & Address of the person surveyed
- iii. Action proposed in the survey report

### **Follow up action in the range**

**5.20** The range Joint/Additional Commissioner should send the forms received by him to the concerned Assessing Officers for appropriate action in accordance with the law.

**5.21** The Commissioner and the range Joint/Additional Commissioner of Income-tax should carry out random check of the action taken by the Assessing Officer in respect of the survey reports in Form No. 45D. This aspect will also be examined by the Commissioner/Range Joint or Additional Commissioner during the course of inspection of the Assessing Officers work.

Collection of information by Central Information Branches from pre-determined sources or collection of information from third parties.

**6. This has been discussed in the Chapter on 'Central Information Branches'.**

## Chapter- 4

# COLLECTION, COLLATION AND DISSEMINATION OF INFORMATION

**1.** For the efficient functioning of the department, it is necessary for it to set up mechanisms which effectively deter tax violations, foster voluntary compliance with tax laws and plug 'tax gaps'. The latter could exist as :-

- i. identification gap - this refers to revenue shortfall resulting from the tax administration's failure to identify and register potential tax payers, especially non-filers,
- ii. filling gap -this connotes the shortfall in revenue attributable to stop-filers, or registered tax-payers who are required to file returns but end up not filing,
- iii. reporting gap - this relates to the loss in revenue arising from under reporting of income by filers and under assessment of their income, and
- iv. collection gap - this results from a fraction of identified tax demands that remain uncollected.

The effectiveness of such mechanisms largely depends upon their ability to collect, collate and disseminate relevant information.

## **2. Various sources of information**

**2.1** The main types and sources of information for the department are as follows :-

- i. Information that persons falling in certain specific categories are required to file voluntarily as part of their statutory obligations.
- ii. Information collected by the income-tax authorities under statutory provisions.
- iii. Collection of information from third parties by central information branches (CIB).
- iv. Tax evasion petitions.
- v. Surveys.
- vi. Inspections and inquiries.
- vii. Collection of information from other Government departments and agencies.
- viii. Information collected from newspaper reports and publications, etc.
- ix. Information furnished by the informants in the expectation of reward.
- x. Information gathered through search and seizure operations under section 132 of the Income Tax Act, 1961 and requisition of books of account, etc. under section 132A of the Income Tax Act, 1961.

## **3. Information that persons falling in certain specific categories are required to file voluntarily as part of their statutory obligations**

**3.1** The Act itself makes it obligatory upon persons falling in certain specific categories to furnish to income-tax authorities certain specific information. The Table, appearing at the end of this chapter, enumerates some important items of information that come to the income-tax authorities under various statutory provisions.

**3.2** The income-tax authority receiving the information should carefully scrutinize the same to facilitate its utilisation in the appropriate proceedings under the direct tax laws. If the information is likely to be useful to any other income-tax authority, the same should also be passed on to him.

#### **4. Information collected by the income-tax authorities under statutory provisions**

**4.1** Certain provisions of the Act empower income-tax authorities to collect information from certain classes of persons. It is obligatory upon such persons to furnish the information called for. Some examples are given below.

**4.2 Power to call for return in Form No. 2B in search cases, etc. :** U/s 132 when a search has been conducted or u/s 132A when books of accounts, other documents or assets have been requisitioned, the Assessing Officer issues a notice under section 158 BC of the Income Tax Act, 1961, requiring the person concerned to file a return of total income, including the undisclosed income for the block period. The person to whom such a notice is issued is required to furnish a return in Form No. 2B.

**4.3 Power to call for information under section 133 :** The Assessing Officer, the Addl./Joint Commissioner and the Commissioner (Appeals) may, u/s 133 call for certain information relevant for any proceedings under the Act.

#### **Power regarding discovery, production of evidence, etc.**

**4.4** Powers of discovery, production of evidence, etc. available to certain income-tax authorities u/s 131 also enable these authorities to call for information from certain persons.

**4.5** U/s 131(1) and 131(1A), specified income tax authorities down to the level of A.O./ADIT, have been vested with the following powers :-

- i. discovery and inspection;
- ii. enforcing the attendance of any person, including any officer of a banking company and examining him on oath;
- iii. compelling the production of books of account and other document; and
- iv. issuing commissions.

These powers are the same as vested in a court under the Code of Civil Procedure, 1980.

**4.6** An authority of the investigation wing-namely, DGIT, DIT, Addl. DIT/Jt. DIT, DDIT and ADIT can exercise the aforesaid powers u/s 131(1) only if he has reason to suspect that any income has or is likely to be concealed, by any person or class of persons, within his jurisdiction. He can exercise the aforesaid powers even if no proceedings with respect to such person or class of persons are pending before him or any other income-tax authority.

**4.7** Any authority referred to above also has the power to impound and retain in its custody any books of account or other documents produced before it in any proceeding under this Act. However, an Assessing Officer or an Assistant Director or Deputy Director cannot impound any books of account or other documents without recording his reasons for so doing. Also, he cannot retain in his custody any such books or documents for a period exceeding fifteen days (exclusive

of holidays) without obtaining the approval of the Chief Commissioner or Director General or Commissioner or Director.

**4.8** Care should be taken to ensure that, (i) proper, sufficient and adequate reasons are recorded for impounding of books of account and other documents and (ii) proposals seeking extension of time for retention of books of account and documents are submitted well in time and proper, sufficient and adequate reasons are recorded therein for seeking such extension. The authority whose approval is required for retaining the impounded books of account and documents for a period exceeding fifteen days (exclusive of holidays), should not mechanically grant approval. He carefully consider the proposal and applies his mind before according his approval.

## **5. Collection of information from third parties by Central Information Branches of the Income Tax Department**

**5.1** This has been dealt with in the Chapter on “ Central Information Branches”.

## **6. Tax evasion petitions<sup>7</sup>**

**6.1** Tax evasion petitions (or TEP for short) are complaints received from members of public regarding evasion of tax by assesses or non-filers. A tax evasion petition can be either in the form of an anonymous petition, (that is, a petition in which the name of the complainant or the author of the complaint is unknown or is not declared in the petition), or a pseudonymous petition, (that is a petition in which the name of the complainant or the author of the complaint is unreal, false or not genuine), or a signed petition, which gives the real or genuine name of the complainant or the author of the complaint.

**6.2** TEPs may be received by the Board or by other income-tax authorities, like, the Director General of Income Tax (Investigation), Director of Income Tax (Investigation), Chief Commissioner of Income Tax, Commissioner of Income Tax, Range Additional/Joint Commissioner of Income Tax or the Assessing Officer.

**6.3** Processing and monitoring of TEPs involve the following main steps:-

- i. Their categorisation and onward transmission for investigation
- ii. Maintenance of proper record of the receipt
- iii. Investigation on the allegations
- iv. Monitoring of TEPs, submission of investigation reports and disposal
- v. Statistical Reports

### **Categorisation of TEPs and their onward transmission for investigation**

**6.4** Each TEP received by the Board, Director General of Income Tax (Investigation) and Director of Income Tax (Investigation) is required to be categorised in one of the following categories:-

Category ‘X’ - prima-facie concealment of one crore rupees and above.

Category 'Y' - prima-facie concealment of fifty lakh rupees or more but less than one crore rupees.

Category 'Z' - prima-facie concealment of less than fifty lakh rupees.

**6.5** Prima-facie concealment means the amount of concealment worked out on the basis of the assumption that the allegations levelled in the tax evasion petition are correct.

**6.6** All TEPs received in the Board (except certain select categories, such as VIP references, cases where some other Ministry/Department has called for a report, cases having political ramifications and cases having all India ramifications, monitored by the Board) are forwarded by it to the Directors General of Income Tax (Investigation) in fortnightly batches for categorisation into 'X', 'Y' and 'Z'. The categorization is to be made by the DGIT (Inv.) within fifteen days of the receipt of a batch.

**6.7** The TEPs received directly by the Directors General of Income Tax (Investigation) and Directors of Income Tax (Investigation) are to be similarly categorized by the authorities receiving them. Petitions received directly by the Additional/Joint Directors of Income Tax (Investigation) or the Deputy/Assistant Director of Income Tax (Investigation) should be forwarded to the Director of Income Tax (Investigation) for categorisation in fortnightly batches. Those received by the DDIT(Inv.)/ADIT(Inv.) should also be forwarded to the Director of Income Tax (Inv.) through the Joint/Additional Director of Income Tax (Investigation). In all cases where original TEP is forwarded to the Director of Income Tax (Investigation), the officer forwarding the same should retain with him a copy thereof. The categorization is to be made by the DIT (Inv.) within fifteen days of the receipt of a batch.

**6.8** Some TEPs may be received directly by the Chief Commissioner of Income Tax, Commissioner of Income Tax, Range Additional/Joint Commissioner of Income Tax or the Assessing Officer. These Tax Evasion Petitions are required to be forwarded by the authorities receiving them to the jurisdictional Commissioner of Income Tax who should categorise each of them into one of the following categories:-

Category 'A' - suspected concealment of ten lakh rupees or more

(twenty lakh rupees or more in the cities of Mumbai, Calcutta, Delhi and Chennai)

Category 'B' - suspected concealment of less than Rs. 10 lakhs (less than twenty lakh rupees in the cities of Mumbai, Calcutta, Delhi and Chennai)

Category 'C' - vague allegations or negligible tax potential.

**6.9** Suspected concealment means the amount of concealment worked out on the basis of the assumption that the allegations levelled in the tax evasion petition are correct.

**6.10** Category 'C' Tax Evasion Petitions should be closed summarily. Category 'B' TEPs should be retained by the CIT for further action by the assessment wing and Category 'A' TEPs should be forwarded to the DIT (Inv.) for necessary action by the Investigation Wing. On receipt of Category 'A' TEPs from the CIT, the DIT (Inv.) should recategorise them into 'X', 'Y' and 'Z' categories.

**6.11** All Category 'X' TEPs should be monitored by the DGIT (Inv.). Category 'Y' and Category 'Z' TEPs are to be monitored by the DIT (Inv.) and the Additional/Joint DIT (Inv.) respectively. The Director General of Income Tax (Investigation) should forward copies of all such Tax Evasion Petitions (whether received by him from the Board or from any other source) as have been categorised by him in 'X' category to the DIT(Investigation) for investigation and submission of report to him. The original TEPs of 'X' category should be retained in the office of the DGIT(Inv.). The TEPs of 'Y' and 'Z' categories, received by the DGIT (Inv.), either from the Board or from any other source should be forwarded by him, in original, to the DIT (Inv.) for investigation and appropriate action.

**6.12** For purposes of effective monitoring, DIT (Inv.) should forward to the DGIT(Inv.) in fortnightly batches copies of all Category 'X' TEPs received by him directly (that is, TEPs from a source, other than the DGIT (Inv.).

### **Maintenance of proper record of the receipt of the tax evasion petitions**

**6.13** The Directors General of Income Tax (Inv.) should maintain a register/record containing entries of all the TEPs received by them from the Board. The register should indicate the name of the complaine, date of receipt of the tax evasion petition from the Board, whether categorized as 'X', 'Y' or 'Z, date of categorization and the date when forwarded to the Director of Income Tax (Investigation). The register should be maintained financial year wise and pending cases should be transferred to the new register at the end of the every financial year. The Directors General of Income Tax (Investigation) should also enter in the said record/register all the tax evasion petitions received by them directly either from the complainant or from any source other than the Board.

**6.14** The Directors of Income Tax (Investigation) should maintain a register/record of all the tax evasion petitions received by them from various sources, i.e., from the DGIT(Inv.) or the CIT or directly from the complainant or from any other source. The register should indicate the name of the complaine, date of receipt of the TEP, source from which it was received, whether categorized as 'X', 'Y' or 'Z, date of categorization, the date when forwarded to the Additional/Joint Director of Income Tax (Investigation) for investigation, date of disposal of the TEP/date of submission of the report to DGIT(Inv.) in cases where the TEP is required to be disposed off with the DGIT(Inv.)'s approval or where a report is required to be sent to the Board). The register should be maintained financial year wise and pending cases should be transferred to the new register at the end of the every financial year.

**6.15** The Chief Commissioners of Income Tax, Commissioners of Income Tax, Additional/Joint Commissioners of Income Tax and Assessing Officers should maintain a register/record to enter all the tax evasion petitions received by them from various sources, like TEPs received by them directly or from any other source. The record/register should be maintained financial year wise and pending cases should be transferred to the new register at the end of the every financial year.

**6.16** Some times complainants send identical tax evasion petitions to more than one authority. This may result in a situation where the DGIT (Inv.) or the DIT (Inv.) or the Additional/Joint DIT (Inv.) or CIT gets multiple copies of the same tax evasion petition from different sources. For

example, a complainant may send copies of a TEP to the Board, DGIT (Inv.) and the DIT (Inv.). The Board will forward the TEP received by it to the DGIT (Inv.), who in turn will forward the same to the DIT (Inv.). The DGIT (Inv.) will also forward the copy of the TEP received by him from the complainant to the DIT (Inv.). The copy of the TEP sent by the complainant to the DIT (Inv.) will also reach him. These copies of the petition may reach the DIT (Inv.) at different points of time. Thus the DIT (Inv.) will, over a period of time, receive three copies of the same TEP. Care should be taken to bunch together all copies of the TEP and treat them as one TEP as to do otherwise would artificially inflate pendency.

### **Investigation on the tax evasion petitions**

**6.17** All TEPs received by the DIT (Inv.) should be investigated thoroughly by his Directorate. These would include, TEPs sent by the DGIT (Inv.) after categorisation into 'X','Y' and 'Z' categories, those of category 'A' sent by the CIT and those received by the DIT (Inv.) directly from other sources and categorised into 'X','Y' and 'Z' categories. For effective investigation, the DIT(Inv.) may assign TEPs to the Investigation Units, headed by Additional/Joint Directors of Income Tax (Investigation) or to any officer at his Headquarters. The Investigating Officer should carefully look into each of the allegations contained in the TEP and make suitable inquiries and investigations.

**6.18** TEPs received by the CCIT or the CIT or the Range Additional/Joint CIT or the Assessing Officer and categorised as 'B' by the CIT in accordance with the procedure laid down above should be sent by him to the Range Additional/Joint CIT for investigation and action by the assessment wing. The CIT should monitor these petitions and obtain reports on them. Category 'C' Tax Evasion Petitions should be closed summarily.

### **Monitoring of TEPs and submission of reports**

**6.19** The system of monitoring is a three-tier system where each category of the tax evasion petition is monitored in accordance with the importance of the complaint. Thus whereas, category 'X' TEPs are to be monitored by the DGIT(Inv.), TEPs of categories 'Y' and 'Z' are to be monitored by the DIT(Inv.) and Additional/Joint DIT (Inv.), respectively. The Board only monitors selected categories of petitions, such as VIP references, cases where some other Ministry/Department has called for a report, cases having political ramifications or cases having all India ramifications. In such cases the Board may call for reports from the DGIT (Inv.)

**6.20** As regards the TEPs to be monitored by the Board, like VIP references etc., the DGIT(Inv.) should send the final report to the Board under his own signature. In his report, he should categorically state whether all the allegations have been properly looked into by the concerned officers. Each report, whether interim or final, should be complete in itself i.e. all previous investigations in the concerned cases should be duly summarized so that the latest report gives the complete current status. Inquiry in such cases will be treated as complete when a final report has been received from the DGIT (Inv.) and the Board gives no further directions. Such files will be closed with the approval of the Member (Inv.). The Board will issue intimation to the DGIT (Inv.) after closing the file.

**6.21** As regards the category ‘X’ TEPs, the DGIT (Inv.) should obtain reports from the DIT (Inv.) on their merits and give directions as regards the lines of investigation and the inquiries to be conducted. Each report, whether interim or final should be complete in itself i.e. all previous investigations and reports in the concerned cases should be duly summarized so that the latest report gives the complete current status. These TEPs will be closed by the DGIT (Inv.) after he is satisfied that necessary action according to the law has been taken on all aspects and no further action is pending. In other words, the DGIT (Inv.) is the final authority as regards the investigations, etc. in respect of those category ‘X’ TEPs which are not being monitored by the Board. In order to ensure that there has been effective monitoring of TEPs by the DGIT (Inv.), the Board may undertake periodic review of category ‘X’ TEP files both pending as well as closed.

**6.22** As regards category ‘Y’ and category ‘Z’ TEPs, the DIT (Inv.) and Additional/Joint DIT (Inv.) respectively would monitor the same, in the manner outlined above for category ‘X’ TEPs by the DGIT (Inv.). The DGIT (Inv.) may devise a suitable review mechanism for ensuring effective monitoring of such TEPs by the DIT (Inv.) and Additional/ Joint DIT (Inv.).

**6.23** On completion of the investigations, the final report, complete and explicit without relying on any references to interim reports, should be sent to the jurisdictional Commissioner of Income-tax with a copy each to the range Additional/Joint CIT and the Assessing Officer. After sending the final report in category ‘X’ and category ‘Y’ TEPs, the DIT (Inv.) should send a certificate to this effect to the DGIT (Inv.). Similarly, in case of category ‘Z’ TEPs, after sending the final report, the Additional/ Joint DIT (Inv.) should send a certificate to this effect to the DIT (Inv.).

**Time frame for the disposal of TEPs**

**6.24** The DGIT (Inv.) should ensure that all TEPs, including the TEPs being monitored by the Board, are investigated and disposed of speedily. All the TEPs monitored by the Board should be disposed off within 3 months, category ‘X’ TEPs within 6 months and category ‘Y’ TEPs within one year.

**Statistical reports on tax evasion petitions**

**6.25** The DGIT (Inv.) should send to the Board a statistical report, in the prescribed format, on the pendency and disposal of category ‘X’ TEPs. This should be sent every month along with his monthly DO letter. The format prescribed by the Board is given below :-

		Category ‘X’ (Prima-facie concealed income of Rs. One crore or more)
a.	No. of TEPs pending at the beginning of the month	
b.	No. of fresh TEPs received during the month	
c.	No. of TEPs disposed during the month	
d.	No. of TEPs pending at the end of the month	i. for less than 6 months

		ii. for more than 6 months
		iii. Total

**6.26** The DIT (Inv.) should send to the DGIT (Inv.) a statistical report, in the prescribed format, on the pendency and disposal of category 'X' TEPs. This should be sent every month along with his monthly DO letter.

**7. Surveys**

**7.1** This has been dealt with in the Chapter on "Surveys".

**8. Inspections, etc.**

**8.1** Section 134 of the Income Tax Act, 1961 empowers certain income-tax authorities to inspect registers of companies.

**8.2** Section 135 provides that the Director General or Director, the Chief Commissioner or Commissioner and the Joint Commissioner shall be competent to make any enquiry under this Act, and for this purpose shall have all the powers that an Assessing Officer has under this Act in relation to the making of enquiries.

**9. Collection of information from other government departments and agencies**

**9.1** Liaison with other Government departments and agencies, like, Enforcement Directorate, Customs and Central Excise Department, Central Economic Intelligence Bureau, Sales tax and Trade tax Departments, State Excise Departments, District Administration, Government agencies dealing with economic offences and police authorities also enables income-tax authorities to get hold of vital information on assesses, both existing as well as potential.

**9.2** The Government has set up an Economic Intelligence Council at the Centre and Regional Economic Intelligence Committees in different parts of the country. The Regional Economic Intelligence Committees comprise all officers of the Department of Revenue of the rank of Commissioners and above under the CBEC and CBDT who have administrative responsibility for enforcement of tax laws, heads of related agencies of Central and State Governments, local heads of banks, etc. in the region. However, if at a particular place no officer of this rank is posted in an enforcement agency, officers of the rank of Deputy Director or equivalent of that agency may attend the meeting of the committee. The main functions of the Regional Economic Intelligence Committees are to ensure operational coordination between different agencies in the region, gather general economic intelligence on trade and industry; make estimates of evasion of taxes in their respective regions and facilitate exchange of information between enforcement agencies of the region on important cases booked by them. The Economic Intelligence Council supervises the functioning of Regional Economic Intelligence Councils. The Regional Economic Intelligence Committees are required to maintain regular minutes of the meeting detailing action points by different members and review action taken in the subsequent meeting. The office of the Convener of the Regional Economic Intelligence Committee is required to act as a permanent secretariat to the Regional Economic Intelligence Committee. The Convener of the Regional Economic Intelligence Committee has been authorised to invite representatives from other

intelligence agencies whenever matters relating to areas of interest to them are taken up for discussion.

**9.3** Wherever the Income-tax department's representative/nodal officer in the Regional Economic Intelligence Committee receives any useful information from the Committee or any other participating agency, it should be suitably processed. If the matter requires any further inquiry or investigation, it should be sent to the DIT (Investigation) for appropriate action. Where the information is likely to be useful for, or relevant to, any proceedings under the Income-tax Act, it should be sent to the jurisdictional Commissioner.

## **10. Information collected from newspaper reports and publications, etc.**

**10.1** The Directorate of Income Tax (Investigation) should collect and compile such information as may be relevant to the proceedings under the direct taxes laws, appearing in news papers and other publications, like techno-economic surveys and reports of working groups and committees, etc.

**10.2** In places where the Director of Income Tax (Investigation) is located, compilation of information from newspapers, etc. should be done by his office on a regular and day-to-day basis. In places where there is no Director of Income Tax (Investigation) but only officers of his Directorate, such compilation should be made in the office of the senior most such officers. In places where the Directorate of Income Tax (Investigation) does not have any office, such compilation should be made in the office of the senior most Income-tax authority, posted at that place. In places where neither any officer of the Directorate of Income Tax (Investigation) nor any other income-tax authority has an office, the officer of the Directorate of Income Tax (Investigation) holding jurisdiction over that area should compile such information. This arrangement is necessary as news papers some times carry reports, which appear only in their local or regional editions and may in the normal course not reach the office of the Director of Income Tax (Investigation).

**10.3** Where information, based on newspaper or other reports, is compiled by an office, other than the Director of Income Tax (Investigation), the same should be forwarded to the Director of Income Tax (Investigation) through the Joint/Additional Director of Income Tax (Investigation), along with relevant photo copies of the information. The forwarding authority should also give his comments on the matter. He should also report about the action taken in cases in accordance with the law.

**10.4** The information collected should be processed and suitable investigations carried out. Where on the basis of such processing and investigations, a further follow-up action is required to be taken by the Directorate of Income Tax (Investigation)<sup>8</sup> the same should be taken in accordance with the law. Wherever it is found that the information may be useful for, or relevant to, the proceeding under direct tax laws in any case or group of cases, it should be passed on to the jurisdictional Commissioner, with a copy to the range Additional/Joint Commissioner of

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<sup>8</sup>For example, an action under section 132A of the Income Tax Act, 1961<sup>9</sup>Introduced by the Finance Act, 2002

Income Tax. Similarly, information about the statements and allegations made in the Parliament or the State Assemblies should also be compiled and processed and the relevant information passed on to the jurisdictional Commissioner, with a copy to the range Additional/Joint Commissioner of Income Tax.

**11. Information furnished by the informants in the expectation of reward**

**11.1** The Income-tax department gets information about undisclosed income or wealth of filers and non-filers from informers. Many informers furnish information in the expectation of reward. When an informer approaches the Department with an information in expectation of a reward, the ADIT(Inv.) or the DDIT(Inv.) should record his statement in detail. If the information furnished appears to be reliable, adequate, specific and useful, the informer's name may be entered in the Register of Informers. Where the information is received by post, the informer should be called and his written statement obtained. Where the information is received on telephone, the informer should be asked to come in person and his statement should be recorded. The informer whose statement is recorded should be allotted a code number. The DDIT(Inv.)/ADIT(Inv.) should maintain, and keep in his personal custody, the register of code numbers allotted to informers.

**12. Information gathered through search and seizure operations under section 132 of the Income Tax Act, 1961 and requisition of books of account, etc. under section 132A of the Income Tax Act, 1961.**

**12.1** This has been discussed in the chapter on "Search and Seizure".

**TABLE SHOWING SOME IMPORTANT ITEMS OF INFORMATION THAT PERSONS FALLING IN CERTAIN SPECIFIC CATEGORIES ARE REQUIRED TO FILE VOLUNTARILY AS PART OF THEIR STATUTORY OBLIGATIONS UNDER THE INCOME TAX ACT, 1961**

S. No.	Nature of information	Person who is required to furnish the information	Income Tax authority to whom the information is required to be submitted	Section of the Income Tax Act, 1961 under which the information is required to be furnished	Rule of the Income Tax Rules, 1962 governing filing of the information	Frequency of furnishing of the information	Form in which information is required to be furnished	Due date(s) for furnishing of the information
1.	Return of income of companies, other than those claiming exemption under section 11, for complying with the provisions of section 139/142/148	Managing Director, or in certain situations, any Director of the Company or where the company is not resident in India, by a person who holds a valid power of attorney from the company	Assessing Officer	139/142/ 148	12(1)(a)	Once in a financial year	1	October 31/July 31 Depending upon whether accounts are required to be audited or not
2.	Return of income of assesseees) (other than companies and those claiming exemption under section 11) having business income	Individual, Karta /Member of HUF, Managing Partner/Partner of the firm, Authorized person holding valid power of attorney	Assessing Officer	139/142/ 148	12(1)(b)(i)	Once in a financial year	2	October 31/July 31 Depending upon whether accounts are required to be audited or not

3.	Return of income of resident Individuals and Hindu Undivided Families, who do not have income from business or profession and whose total does not exceed two lakh rupees	Individual, Karta /Member of HUF, Managing Partner/Partner of the firm, Authorized person holding valid power of attorney	Assessing Officer	139/142/148	12(1)(b)(ii)	Once in a financial year	2A	July 31
4.	Return of income of the assesseees who fulfill the conditions specified in the first proviso to sub-section(1) of section 139 of the Income Tax Act,1961	Individual, Karta /Member of HUF, Managing Partner/Partner of the firm, Authorized person holding valid power of attorney	Assessing Officer	First proviso to sub-section (1) of section 139	12(1)(d)	Once in a financial year	2C	October, 31
5.	'Saral' Return of Income for non corporate assesseees, other than those claiming exemption under section 11.	Individual, Karta /Member of HUF, Managing Partner/Partner of the firm, Authorized person holding valid power of attorney	Assessing Officer	139/142/148	Proviso to rule12(1)(b) (iii)	Once in a financial year	2D	October 31/July 31 Depending upon whether accounts are required to be audited or not
6.	Return of income of assesseees (other than companies and those deriving income from property held for charitable and religious purposes claiming exemption under section 11) having no income from business or profession ]	Individual, Karta /Member of HUF, Managing Partner/Partner of the firm, Authorized person holding valid power of attorney	Assessing Officer	139/142/148	12(1)(b)(iii)	Once in a financial year	3	July 31
7.	Return of income of assesseees claiming exemption under section 11	Individual, Karta /Member of HUF, Managing Partner/Partner of the firm, Authorized person holding valid power of attorney	Assessing Officer	139/142/148	12(1)( c)	Once in a financial year	3A	October 31

8.	Audit Reports/Reports of accountant	Person responsible for getting accounts audited	Assessing Officer	32AB(5)/33AB(2)/33ABA(2)/35D(4)/35E(6)/36(1)(xi)/44AB / 50B(3) / 92E	5AB/5AC/5AD/6AB/6ABB/6G(1)(a)/6G(1)(b)/6G(2)/6H/10E	Once in a financial year	3AA/3AC/3AD/3B/3B/3CA/3CB/3CD/3CEA/3CEB	October 31/ July31
9.	Statement of tax deducted at source from contributions repaid to employees in the case of an approved superannuation fund	Trustee of the approved superannuation fund	Assessing Officer designated by the CCIT/CIT, if any or to the jurisdictional Assessing Officer (see Rule 36A)		33	Within two months from the end of the financial year in which payment has been made by the employer to the employee during his lifetime	22	Within two months from the end of the financial year in which payment has been made by the employer to the employee during his lifetime.
10.	Annual Return of Salaries under section 206 of the Income Tax Act,1961	Person responsible for deducting tax at source from Salaries	Assessing Officer having jurisdiction in terms of Rule 36A	192	37	Once in each financial year	24	May 31
11.	Annual Return of deduction of tax from interest on securities under section 206 of the Income Tax Act,1961	Person responsible for deducting tax at source from interest on securities	Assessing Officer having jurisdiction in terms of Rule 36A	193	37	Once in each financial year	25	June,30

12.	Annual Return of deduction of tax from dividends/income in respect of units under section 206 of the Income Tax Act,1961	Person responsible for deducting tax at source from dividends/income in respect of units	Assessing Officer having jurisdiction in terms of Rule 36A	194,194K	37	Once in each financial year	26	April 30
13.	Annual Return of deduction of tax from interest other than 'Interest on Securities' under section 206 of the Income Tax Act, 1961	Person responsible for deducting tax at source from interest	Assessing Officer having jurisdiction in terms of Rule 36A	194A	37	Once in a financial year	26A	June 30
14.	Annual Return of deduction of tax from winnings from lotteries or crossword puzzles under section 206 of the Income Tax Act, 1961	Person responsible for deducting tax at source from lotteries or crossword puzzles	Assessing Officer having jurisdiction in terms of Rule 36A	194B	37	Once in a financial year	26B	May 31
15.	Annual Return of deduction of tax from winnings from horse races etc., under section 206 of the Income Tax Act, 1961	Person responsible for deducting tax at source from winning of horse races etc.	Assessing Officer having jurisdiction in terms of Rule 36A	194BB	37	Once in a financial year	26BB	May 31
16.	Annual Return of deduction of tax from payments to contractors or sub-contractors under section 206 of the Income Tax Act, 1961	Person responsible for deducting tax at source from payments to contractors or sub-contractors	Assessing Officer having jurisdiction in terms of Rule 36A	194C	37	Once in a financial year	26C	June 30
17.	Annual Return of deduction of tax from insurance commission under section 206 of the Income Tax Act, 1961	Person responsible for deducting tax at source from insurance commission	Assessing Officer having jurisdiction in terms of Rule 36A	194D	37	Once in a financial year	26D	June 30

18.	Annual Return of deduction of tax from payments in respect of deposits under National Savings Scheme, under section 206 of the Income Tax Act,1961/	Person responsible for deducting tax at source from payments in respect of deposits under National Savings Scheme	Assessing Officer having jurisdiction in terms of Rule 36A	194EE	37	Once in a financial year	26F	June 30
19.	Annual Return of deduction of tax from payments on repurchase of units by Mutual Funds or Unit Trust of India, under section 206 of the I.T.Act,1961	Person responsible for deducting tax at source from payments on repurchase of units by Mutual Funds of Unit Trust of India	Assessing Officer having jurisdiction in terms of Rule 36A	194F	37	Once in a financial year	26G	June 30
20.	Annual Return of deduction of tax from payments of Commission, remuneration or prize on sale of lottery tickets, under section 206 of the I.T.Act,1961	Person responsible for deducting tax at source from payments of commission, remuneration or prize on sale of lottery tickets	Assessing Officer having jurisdiction in terms of Rule 36A	194G	37	Once in a financial year	26H	June 30
21.	Annual Return of Payment of commission (other than insurance commission) or brokerage	Person responsible for paying commission or brokerage	Assessing Officer having jurisdiction in terms of Rule 36A	194H	37	Once in a financial year	26I	June 30
22.	Annual Return of deduction of tax from rent, under section 206 of the I.T.Act, 1961	Person responsible for deducting tax at source from rent	Assessing Officer having jurisdiction in terms of Rule 36A	194-I	37	Once in a financial year	26J	June 30
23.	Annual Return of deduction of tax from fees for professional or technical services, under section 206 of the I.T.Act, 1961	Persons responsible for deducting tax at source from fees for professional or technical services	Assessing Officer having jurisdiction in terms of Rule 36A	194J	37	Once in each financial year	26K	June 30

24.	Statement of deduction of tax from interest, dividends or any other sum payable to (i) persons, not being companies, who are non-residents or residents but not ordinarily residents, and (ii) companies which are neither Indian companies nor companies which have made the prescribed arrangements for the declaration and payment of dividends within India	Person responsible for deducting tax at source from interest, dividends or any other sum payable to (i) persons, not being companies, who are non-residents or residents but not ordinarily residents, and (ii) companies which are neither Indian companies nor companies which have made the prescribed arrangements for the declaration and payment of dividends within India	Assessing Officer referred to in Rule 36A	193,194,194 E, 195,196A, 196B, 196C and 196D	37A		27	Within 14 days of the end of the quarter/14 days after the expiry of two months from the month in which income is credited,
25.	Form for furnishing information with the return or statement of deduction of tax at source filed on computer media	Person responsible for deducting the tax under Chapter XVII-B who desires to file any return or statement referred to in rule 37 or 37A on a computer media in terms of section 206(2)	Assessing Officer referred to in Rule 36A	Chapter XVII-B/206(2)	37B		27A	Within 14 days of the end of the quarter/14 days after the expiry of two months from the month in which income is credited,
26.	Half-yearly return of collection of tax under section 206C from buyers of alcoholic liquor for human consumption (other than Indian made foreign liquor) and tendu leaves	Person responsible for collection of tax under section 206C from buyers of alcoholic liquor for human consumption (other than Indian made foreign liquor) and tendu leaves	Assessing Officer referred to in Rule 36A	206C	37E	Twice in each financial year	27EA	April 30 and October 31
27.	Half-yearly return of collection of tax under section 206C from buyers of timber obtained under a forest lease	Person responsible for collection of tax under section 206C from buyers of timber obtained under a forest lease	Assessing Officer referred to in Rule 36A	206C	37E	Twice in each financial year	27EB	April 30 and October 31

28.	Half-yearly return of collection of tax under section 206C from buyers of timber obtained by any mode other than under a forest lease	Person responsible for collection of tax under section 206C from buyers of timber obtained by any mode other than under a forest lease	Assessing Officer referred to in Rule 36A	206C	37E	Twice in each financial year	27EC	April 30 and October 31
29.	Half –yearly return of collection of tax under section 206C from buyers of any other forest produce not being timber or tendu leaves	Person responsible for collection of tax under section 206C from buyers of timber obtained by any mode other than under a forest lease	Assessing Officer referred to in Rule 36A	206C	37E	Twice in each financial year	27ED	April 30 and October 31
30.	Form of application for allotment of permanent account Number	Persons referred to in section 139A	Assessing Officer	139A	114	Once in the life time of the applicant	49A	Time limit laid down in Rule 114(3)
31.	Application for allotment of Tax Deduction Account Number	Persons referred to in section 203A	Assessing Officer (TDS)	203A	114A	Once in the life time of the applicant	49B	Where tax has been deducted at source, within one month from the end of the month in which tax was deducted

32.	Statement under section 285B in respect of production of a cinematographic film	Producer of the cinematographic film	Assessing Officer	285B	121A	Once every financial year during which the production of the cinematic graphical film was carried on	52A	Within thirty days from the end of the financial year or within thirty days from the date of the completion of the film, whichever is earlier
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33.	Declaration to be filed by a person who does not have either a Permanent Account Number or a General Index Number and who makes payment in cash in respect of transactions specified in clauses (a) to (h) of Rule 114B	Person who does not have either a Permanent Account Number or a General Index Number and who makes payment in cash in respect of transactions specified in clauses (a) to (h) of Rule 114B	Person with whom the transaction is made, who should forward the same to the DIT (Inv)	139A(5) (c)	Third proviso to Rule 114B	On each occasion	60	At the time of making the transaction . The person receiving the document is required to forward the same to the DIT(Inv).I n two instalment s-Forms received up to 30th September to be forwarded by 31st October and declaration received upto 31s <sup>t</sup> march to be furnished by 30th April
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34.	Declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income-tax in respect of transactions specified in clauses (a) to (h) of Rule 114B	Person who has agricultural income and is not in receipt of any other income chargeable to Income Tax in respect of transactions specified in clauses (a) to (h) of Rule 114B	Person with whom the transaction is made, who should forward the same to the DIT (Inv)	139A	Proviso to clause (a) of Rule 114C(1)	On each occasion	61	At the time of making the transaction . The person receiving the document is required to forward the same to the DIT(Inv). In two instalment s-Forms received upto 30th September to be forwarded by 31st October and declaration received upto 31st march to be furnished by 30th April
35.	Statement to be furnished in respect of income distributed by the Unit Trust of India	Unit Trust of India	Assessing Officer designated under 12B	115R(3A)	12B	Once in a year	63	Before 15th September

36.	Statement to be furnished in respect of income distributed by a Mutual Fund	Mutual Fund	Assessing Officer designated under 12B	115R(3A)	12B	Once in a year	63A	Before 15th September
37.	Statement of income distributed by Venture Capital Company or a Venture Capital Fund	Venture Capital Company	CCIT/CIT	115U(2)	12C	Once in a year	64	Before 30th November

## **Chapter- 5**

### **SEARCH AND SEIZURE**

1. Section 132 of the Income-tax Act, 1961 empowers certain income-tax authorities to carry out a search. They may seize books of accounts, documents, money, bullion, jewellery and other valuable articles or things found as a result of the search.

1.2 The power to requisition books of account, etc., taken into custody by any officer or authority under any other law for the time being in force, is also available to certain income-tax authorities u/s 132A.

1.3 These two provisions enable income-tax authorities to get hold of evidence bearing on the tax liability of a person which he may be withholding from the department. These provisions also enable these authorities to get hold of assets representing income believed to be undisclosed and to apply so much of these assets as may be necessary to discharge a tax liability, including the tax liability arising out of the assessment of undisclosed income as a result of the search.

1.4 The Tables at pages 34 to 36 enumerate various provisions governing search and seizure and requisition of books of account. It also contains references to the provisions of the Income Tax Rules, 1962, Indian Penal Code, 1860 and the Code of Criminal Procedure 1973, applicable or relevant to income-tax searches and requisition of books of account, etc. taken into custody by authorities under other laws for the time being in force.

1.5 This Chapter focuses on procedures relevant for Authorised Officers and the search parties assisting them in the discharge of their functions during and after search operations. It does not deal at length with the procedures regulating the functioning of the officers of the Directorate of Income Tax (Investigation), in this regard.

2. Income-tax authorities competent to authorise search and seizure action under section 132 of the Income Tax Act, 1961

2.1 The authorities competent to authorise a search and seizure action have been indicated in sub-section (1) of section 132.

2.2 An income-tax authority competent to authorise search and seizure action can do so only if he, in consequence of information in his possession, has reason to believe that any one or more of the circumstances referred to in clauses (a), (b) and (c) of sub-section (1) of section 132 exist in a case.

2.3 Under the administrative distribution of functions, however, these powers are ordinarily exercised by the Director of Income-tax (Investigation) after obtaining administrative approval of the Director General of Income-tax (Investigation). Consequential searches can also be authorised by an Additional or Joint Director of Income-tax (Investigation) to ensure expeditious and effective action during the course of a search.

3. Authorised Officer

3.1 The officer authorised under sub-section (1) of section 132 to carry out a search and seizure action is called the Authorised Officer.

4. Actions which the Authorised Officer is competent to take

4.1 The officials competent to sanction a search and seizure action can, by warrant, authorise the Authorised Officer to take the following actions:

- i. Enter and search any building, place, vessel, vehicle or aircraft where he has reason to suspect that books of account or other documents [referred to in clause (a) or clause (b) of section 132(1)], money, bullion, jewellery or other valuable articles or things are kept.
- ii. Break open the lock of any door, box, safe, almirah or other receptacle for exercising the powers referred to at (i) above.
- iii. Search any person who has got out of, or is about to get into, or is in, the building, place, vessel, vehicle or aircraft, if the Authorised Officer has reason to suspect that such person has secreted about his person, any such books of account, other documents, money, bullion, jewellery or other valuable article or thing.
- iv. Require any person who is found to be in possession or control of any books of account or other documents maintained in the form of electronic record as defined u/s 2 (1)(f) of the Information Technology Act, 2000, to afford the authorised officer the necessary facility to inspect such books of account or other documents.<sup>9</sup>
- v. Seize any books of account, other documents, money, bullion, jewellery or other valuable article or thing found as a result of such search.
- vi. Place marks of identification on any books of account or other documents or make or cause to be made extracts or copies therefrom.
- vii. Make a note or inventory of any such money, bullion, jewellery or other valuable article or thing.

5. Warrant of authorisation for search and seizure actions under section 132 of the Income Tax Act, 1961

5.1. **The competent authority can authorise a search action by issuing a warrant of authorisation in the appropriate form. The warrant should be in writing under his signature and seal.**

5.2. **Rule 112 of the Income Tax Rules, 1962 prescribes the following forms of warrant of authorisation:-**

**(i) Form No.45 [See Rule 112(2)(a)]**

This form should be used where a search is authorised under section 132(1) by the Director General or Director or Chief Commissioner or Commissioner or other competent authority empowered by the Board in this behalf, for non-compliance with summons under section 131 or notice under section 142(1) or for possession of unaccounted assets. This form is used in situations other than those indicated in the first proviso to section 132(1).

**(ii) Form No.45A [See Rule 112(2)(b)]**

This form should be used by the Chief Commissioner or Commissioner in a situation referred to in the first proviso to section 132(1), that is, where any building, place, vessel, vehicle or aircraft but not the person falls within the area of his jurisdiction. He can authorise a search if he has reason to believe that delay in obtaining the authorisation from the Chief Commissioner or Commissioner having jurisdiction over such person may be prejudicial to the interests of the revenue.

**(iii) Form No.45B [See Rule 112 (2)(c)]**

This form should be used by the Chief Commissioner or Commissioner in a situation referred to in section 132(1A) of the Income Tax Act, 1961, that is, where in consequence of information in his possession, he has reason to suspect that the existing authorisation is inadequate because the books of accounts, money, jewellery, or other valuable article or thing are kept at some other building, place, vessel, vehicle or aircraft.

6. Brief for search parties

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<sup>9</sup> Introduced by the Finance Act, 2002 with effect from 01.06.2002. <sup>10</sup> Board's Confidential letter F.No.

6.1 **The officer organising the search and seizure operation should brief the search parties about the object of the search and other salient features of the operation proposed to be carried out. It is advisable to prepare written briefs for search parties and also brief them orally before commencement of the search. Sufficient number of copies of the written brief should be prepared and these should be serially numbered. The brief for a search party should be kept in a sealed envelope along with the warrant of authorisation. In the oral briefing, the names of the persons and premises being searched should not be disclosed.**

6.2 **The brief for the search parties should, *inter alia*, contain the following:-**

- i. Object of the search
- ii. Particulars of the persons whose premises, etc. are being searched and other persons likely to be found in the premises searched
- iii. Places etc. to be searched
- iv. Time of strike
- v. Nature of business or profession or income -earning activity of the person(s) whose premises are being searched
- vi. Gist of the information against the person, including information gathered about modus operandi for concealment of income and wealth
- vii. Cases connected with the case/group of cases in which searches are to be conducted
- viii. Route map of the premises to be searched and outlets of the building
- ix. Information, if any, gathered about secret chambers, underground cellars and hidden places, etc.
- x. Information, if any available about computer systems and other information technology related equipments, etc. likely to be found in the premises being searched
- xi. Information, if any available about things like, intercom systems or closed circuit TV sets installed at the premises to be searched, guards and watchmen patrolling the premises and ferocious dog(s) likely to be found in the premises
- xii. Special instructions, if any, including those relating to recording of statements under section 132(4), handling of computer systems, etc. found in the course of the search and flashing of information to the control room
- xiii. Full information regarding the declared assets, if any, of the persons whose premises are being searched. These should be obtained from the returns of income/wealth filed, so that only undisclosed assets are seized as a result of search for quantifying the concealed income and appropriation of taxes on such income<sup>10</sup>.
- xiv. Telephone numbers of the control room

7. Provision of material to the search party

7.1 **The following material should be provided to each search party:-**

- i. Forms for appointing witnesses
- ii. Panchnama forms
- iii. Form of order under section 132(3)
- iv. Form of order under second proviso to section 132(1)
- v. Form of summons under section 131
- vi. Form of authorisation under section 133A(1)
- vii. Form of recording statement under section 132(4)

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<sup>10</sup>Board's Confidential letter F.No. 289/10/2001-IT (Inv. II) dated 7th March, 2001<sup>11</sup>ITR Vol. 208 (St.) 1994.

- viii. List of duties of witnesses
- ix. Copies of Taxpayer's Charter indicating rights and duties of the persons searched
- x. Bags for sealing seized material and -bunks with locks and cloth pieces
- xi. Required stationary, including paper, carbon paper, copying pencils, pen and pencil sharpener
- xii. Sealing material including sealing wax, needles, thread, match box, candles, adhesive tapes and gum
- xiii. Other articles and things that may be required like, pins, clips, tags, stapler, envelopes, battery operated torch, calculator and scissors
- xiv. Copies of the Income-tax Act, 1961 and Income-tax Rules, 1962.

8. Control room

8.1 **The Investigation Unit conducting the search should set-up a control room in a local Income-tax office. The control room should be manned by a group of responsible officers, headed by the Additional/Joint Director of Income Tax (Investigation) or DDIT (Inv.)/ADIT (Inv.). The number of officers and officials in the control room can be decided keeping in view the volume of work. The Custodian, who will receive seized books of account, documents, money and sealed packages of bullion, jewellery and other valuable articles or things from the Authorised Officer should also be present in the control room.**

8.2 **Leaders of search parties should telephonically report to the control room soon after the search party has entered the premises and obtained the signatures on the warrant of the owners/occupants and the witnesses. They should also report to the control room all important developments of the search proceedings. Wherever necessary, leaders of the search parties should seek instructions from the control room.**

**Taxpayer's charter indicating rights and duties of persons searched**

9. Rights of the person searched

9.1 **The following are the rights of the person searched<sup>11</sup>:-**

- i. To see the warrant of authorisation duly signed and sealed by the issuing authority.
- ii. To verify the identity of each member of the search party.
- iii. To have at least two respectable and independent residents of the locality as witnesses.
- iv. To have personal search of all members of the search party before the start of the search and on conclusion of the search.
- v. To insist on a personal search of females by another female only with strict regard to decency.
- vi. To have a copy of the panchnama together with all the annexures.
- vii. To put his own seals on the packages containing the seized assets.
- viii. A woman occupying any apartment etc., to be searched has the right to withdraw before the search party enters, if, according to custom, she does not appear in public.
- ix. To call a medical practitioner if he is not well.
- x. To have his children permitted to go to school, after examination of their bags.
- xi. To inspect the seals on various receptacles placed in the course of the search and subsequently reopened by continuation of the search.
- xii. To have the facility of having meals etc., at the normal time.

xiii. To have a copy of any statement before it is used against him in an assessment or prosecution proceedings.

xiv. To inspect books of account etc. seized or to take extracts therefrom in the presence of any of the authorised officers or any other person empowered in this behalf.

xv. To make an application objecting to the approval given by the Commissioner for retention of books and documents beyond 180 days from the date of the seizure.

10. Duties of the person searched<sup>12</sup>

**10.1 The following are the duties of the person searched:-**

xvi. To allow free and unhindered ingress into the premises.

xvii. To see the warrant of authorisation and put signatures on the same.

xviii. To identify all receptacles in which assets or books of account and documents are kept and to hand over keys to such receptacles to the authorised Officer.

xix. To identify and explain the ownership of the assets, books of account and documents found in the premises.

xx. To identify every individual in the premises and to explain their relationship to the person being searched. He should not mislead by personation. If he cheats by pretending to be some other person or knowingly substitutes one person for another, it is an offence punishable under section 416 of the Indian Penal Code.

xxi. Not to allow or encourage the entry of any unauthorised person into the premises.

xxii. Not to remove any article from its place without notice or knowledge of the Authorised Officer. If he secretes or destroys any document with the intention of preventing the same from being produced or used as evidence before the Court or public servant, he shall be punishable with imprisonment or fine or both, in accordance with section 204 of the Indian Penal Code.

xxiii. To answer all queries truthfully and to the best of his knowledge. He should not allow any third party to either interfere or prompt while his statement is being recorded by the Authorised Officer. In doing so, he should also keep in mind that :-

b. If he refuses to answer a question on a subject relevant to the search operation, he shall be punishable with imprisonment or fine or both, u/s 179 of the Indian Penal Code.

c. Being legally bound by an oath or affirmation to state the truth, if he makes a false statement, he shall be punishable with imprisonment or fine or both u/s 181 of the Indian Penal Code.

d. Similarly, if he provides evidence which is false and which he knows or believes to be false, he is liable to be punished u/s 191 of the Indian Penal Code.

i. To affix his signature on the recorded statement, inventories and the panchnama.

ii. To ensure that peace is maintained throughout the duration of the search, and to co-operate with the search party in all respects so that the search action is concluded at the earliest and in a peaceful manner.

iii. Similar co-operation should be extended even after the search action is over, so as to enable the Authorised Officer to complete necessary follow-up investigations at the earliest.

## **11. Entry into the premises**

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<sup>4</sup> <sup>12</sup>ITR Vol. 208 (St.) 1994. Also appears in the Background Paper of All India Annual Conference of Directors Generals (Inv.) And Central Charges of Income Tax: CBDT pp 83-84.

**11.1** The leader of the search party (the Authorised Officer) should ensure that his party reaches the premises to be searched exactly at the time, decided in advance by the Investigation Unit, organising the search. In order to ensure that there is no confusion with regard to time, all the leaders of the various search parties should synchronize their watches, before proceeding from the assembly point (that is, the place where the search parties assemble) to the places to be searched .

**11.2** In case a search party reaches the locality in which the premises to be searched is located before the predetermined time, the leader should ensure that the members of the search party do not actually reach the premises before the appointed time. Persons in occupation of the premises should not get any advance information of the search party's arrival.

**11.3** On reaching the premises, the leader should ensure that members of the search party are deployed at every entry and exit points and under the windows. This will ensure that no document, book of account, money, jewellery, other valuable articles or things or assets etc. is thrown out of the premises to be searched. If intercom systems are installed at the entrance of the premises or outside it, through which interaction with the occupants is possible, the Authorised Officer should take control over such systems so that there is no advance intimation of the arrival of the search party.

**11.4** A member of the search party should ring the call bell or knock at the door. The Authorised Officer should wait for a reasonable time for the occupant of the premises to open the entrance door. If entry cannot be easily obtained, the Authorised Officer should take the assistance of police officers or other officers of the Central Government available for the purpose. In such situations, entry can also be effected by breaking open any outer or inner door or window. Where the premises to be searched are found locked, the Authorised Officer should get in touch with the control room for further instructions. He should, in the meantime, ensure that no one enters the same.

**11.5** If the place is in the actual occupancy of a woman who, according to the custom, does not appear in public, the Authorised Officer should before entering such place, afford her reasonable opportunity for withdrawing.

**11.6** Wherever it is found that the premises is occupied by a person other than the one mentioned in the warrant of authorisation, the Authorised Officer should check and make sure that he has not come to a wrong place. He should also try to ascertain the correct name and address of the person with respect of whom search has been authorised. Wherever necessary, he should contact the control room for instructions.

## **12. Witnesses to the search**

### **Appointment of witnesses to the search**

**12.1** Before searching a premises, the Authorised Officer is required to call upon two or more respectable inhabitants of the locality to attend and witness the search. Where a vessel, vehicle or aircraft is to be searched, the requirement of the witness being from the same locality would be inapplicable. The Authorised Officer should serve upon the witness the prescribed order in writing. The form for this order will be provided by the Investigation Unit concerned. Non-compliance with the Authorised Officer's order entails prosecution u/s 187 of the Indian Penal Code.

**12.2 While selecting witnesses the Authorised Officer should keep in view the following points:-**

- i. The witnesses should be literate.
- ii. They should not be related to the person whose premises are being searched.
- iii. They should not be in his employment.
- iv. They should be major.
- v. They should be free from physical or mental infirmities.
- vi. The legal advisor or consultant of the person(s) whose premises are being searched, should not be appointed as witness.
- vii. Religious sentiments of the party should be kept in view while selecting witnesses .
- viii. Persons with criminal record should not be appointed as witnesses.
- ix. While witnesses are to be selected by the Authorised Officer alone, if the party raises some objections against selection of a particular person, the Authorised Officer should take such objections into account before taking a final decision.

**Duties of a Witness**

**12.3 The duties of a witness to the search are as under:**

- i. witness the search carefully right from its commencement to its closure.
- ii. read and understand the warrant of authorisation.
- iii. see that the search and seizure operation is carried out in an orderly manner without any interference.
- iv. see that there is no tampering or destruction of valuables and documents.
- v. see that there is no undue influence or coercion at the time of examination of any person on oath.
- vi. not leave the premises without the permission of the Authorised Officer.
- vii. initial all documents, packets containing seized assets etc., for proper identification.
- viii. see to it that a female is searched only by female members of the search party.
- ix. see to it that correct facts relating to search and seizure are recorded.
- x. if he is witnessing the continuance of a search on a subsequent date, see to it that the seals are intact and that for continuance of the search, these are broken in his presence.
- xi. see to it that the panchnama is correctly and accurately recorded, sign the panchnama and various annexures for example, inventories of books of account and documents, cash, money, bullion, jewellery and ornaments and other valuable articles and things.
- xii. attend as a witness under any proceedings under the Income-tax Act, 1961, if and when summoned.

**13. Showing of warrant of authorisation, etc.**

**13.1** As soon as the members of the search party enter the premises, to be searched, they should identify themselves to the person in respect of whom the warrant of authorisation has been issued or the person in occupation and control such premises. They should show the warrant to the aforesaid person and obtain his signature as well as the signatures of the witnesses to the search. The person in occupation or in charge of the premises and the witnesses are entitled to

see the warrant of authorisation and read the same. They are, however, not entitled to get a copy thereof.

**13.2** In case any person refuses to sign the warrant, the fact should be noted, with the signatures of witnesses.

**13.3** In addition to the warrant, the following should also be shown to the person in-charge of or in occupation of premises and the witnesses to the search:-

- i. valid official identity cards of the leader and members of the search party.
  - ii. the Taxpayer's Charter indicating rights and duties of the persons to be searched.
- The signatures of the person searched and witnesses should be obtained on both the parts relating to his rights and duties. The Authorised Officer should retain this document after countersigning it. These signatures should be obtained on each of the aforesaid parts of the Charter, that is, the rights of the person to be searched and duties of the person to be searched, in the following format:-

Party's signature

Date:	Witness 1	-----
Time:	Witness 2	-----

#### **14. Telephonic report to the control room**

**14.1** After getting entry into the building or place, etc. to be searched, the Authorised Officer should contact the control room. He should report to it, the time on which the party gained entry, the telephone numbers of the premises, etc. where the search is being conducted. As far as possible, no member of a party searching a premise should directly contact over telephone any member of a party searching another premises. All such communications should be made through the control room.

#### **15. Offer of their personal search by the members of the search party**

**15.1** The members of the search party should offer themselves for search by the person whose premise, etc., is being searched. This should be done in the presence of the witnesses. Search of the lady members of the search party can be made only by a lady present in, or occupying, the premises.

#### **16. Initial Statements of the occupants of the premises**

**16.1** On commencement of the search action, the Authorised Officer should record statements of all the adult occupants of the building or place, etc. where the search is being conducted. If the number of occupants is very large (like, in an office or a factory), initial statements of all persons, which in the opinion of the Authorised Officer, are likely to be useful for search proceedings or any other proceedings under the Income-tax Act, may be recorded. It will be useful to record such statements in a pre-designed proforma so that no relevant point is missed. The Authorised

Officer may, if so considered necessary by him, also ask supplementary questions while recording initial statements including specific questions about bank lockers and accounts.

## **17. Other steps to be taken by the leader of the search party and its other members**

**17.1** The Authorised Officer, the leader of the search party, along with other members of the party should work as a team. Wherever necessary, instructions should be obtained from the control room. Some steps, which should be taken for orderly and proper conduct of search operations are listed below:-

- i. The leader of the search party should ensure that :-
- b. there is optimum utilisation of available manpower and that the search is conducted in an efficient, fair and orderly manner.
- c. money, assets and documents etc., are not thrown out of the premises or taken out of the premises or are not destructed or damaged in any manner by any occupant, being searched.
- d. where the premises being searched has telephones, intercom systems, telex systems, FAX, public address systems or computer systems with Internet or network facility etc., there is no such communication through them between any person occupying the premises and any other person, inside or outside the premises as would jeopardise the purpose and conduct of the search.
- e. where the premises being searched has a computer, no one gets an opportunity to manipulate the system or damage it or erase any data stored therein.
- i. The occupants of the premises should be requested to lock all cupboards, etc., and hand over all the keys to the leader of the search party.
- ii. Where the premises being searched has telephones, intercom, telex, FAX, public address or computer systems, the leader of the search party should take over their control.
- iii. No outsider, (except a medical practitioner, in case required), should be allowed to enter the premises during the course of the search operations.
- iv. Where the premises being searched is an office, only those employees who are likely to be of use in explaining or producing the relevant documents etc., should be allowed to remain in the premises.
- v. Children should not be prevented from going to school. However, their school bags should be searched to ensure that they do not contain any document, locker keys, valuables, etc.
- vi. Movements of servants, drivers, other employees etc., should be restricted to the minimum and if they are allowed by the Authorised Officer to leave the premises, their personal search should be taken before they leave.
- vii. The occupant or person incharge of the building, place, vessel, vehicle or aircraft or any other person acting on his behalf should be permitted to be present throughout the search. However, the aforesaid persons are not entitled to have their legal/tax advisors to be present during the search.
- viii. No food or refreshment should be accepted from any occupant of the premises being searched as it would be improper to accept such hospitality. Secondly, there is also a risk of the members of the search party being drugged.
- ix. The entire premises should be thoroughly searched to detect books of account and other documents (including books of account and other documents maintained in the form of electronic record), money, bullion, jewellery and other valuable articles or things.

x. The Authorised Officer is empowered to break open the lock of any door, box, locker, safe, almirah or other receptacle when the keys thereof are not available. In such circumstances, he should first demand the keys from the owner, occupier, or the person in-charge and allow reasonable time and opportunity for the production of the keys. Only after the Authorised Officer has satisfied himself that the keys are not available despite all reasonable efforts should he break open the locks. He should in such circumstances, record the fact that the lock had to be broken open, along with his reasons for doing so. Where a locksmith is called for this purpose, his full name, address, time of arrival and leaving the premises along with the sum of money paid for his services should be noted down. The note should be signed by the Authorised Officer, the occupant of the place or person in-charge and the witnesses to the search. This should be appended to the panchnama and made a part thereof.

## **18. Personal search**

**18.1 The Authorised Officer has the power to search any person who has got out of, or is about to get into, or is inside the building, place, vessel, vehicle or aircraft. He may do so if he has reason to suspect that such person has secreted about his person, any books of account, other documents, money, bullion, jewellery or other valuable article or thing.**

**18.2 Personal search should, however, not be carried out in an indiscriminate and routine manner. When such a search involves a female, it should be carried out only by another female with strict regard to decency.**

**18.3 A list of all things found as a result of a personal search should be prepared. This list should be signed by the Authorised Officer, the person searched and the witnesses. A copy of this list should also be given to the person searched.**

19. Restraint order under section 132(3)

**19.1 The Authorised Officer may issue a restraint order u/s 132(3) of the Income-tax Act, 1961 when it is not practicable to seize any books of account, other documents, money, bullion, jewellery or other valuable articles or things. This power is invoked for reasons other than those mentioned in the second proviso to section 132(1) and is not deemed to be a seizure.**

**19.2 With effect from 01.06.2002, an order issued u/s 132(3) issued by an Authorised Officer will remain in force for a maximum period of sixty days from the date of issue.**

**19.3 Some situations in which an order under section 132(3) can be issued are as under:-**

i. Where a warrant of authorisation for search of a bank locker has been obtained following its detection during a search, but it is not possible to search the locker immediately. In such a situation, an order u/s 132(3) should be issued and served on the Bank Manager and the hirer of the bank locker and the locker itself should be sealed. The Board have issued administrative instructions that search of such a locker should be completed within seven days.

ii. Where a search remained inconclusive on the day of its initiation and its further continuation had to be postponed for a subsequent day on account of some valid reasons.

iii. Where verification and valuation of stock could not be completed and is required to be postponed for a subsequent day on account of some valid reasons.

iv. Where it is not practicable to seize any books of account or documents or assets either because some special arrangements are required to be made for carrying or storing it or where the same are lying under the control of some other authority.

## **20. Inventory of books of account, documents found in the course of the search and their seizure**

**20.1** Detailed inventories should be prepared of all the books of account and documents found as a result of the search, whether seized or not. It is necessary to record the exact place from where the books of account and documents were found as it may be relevant to establish their ownership later on. Marks of identification in the form of the Assessing Officer's signatures with date and seal should be placed on documents and books of account. Pages of documents should be numbered consecutively and mentioned in the inventory. Blank pages should be cancelled and numbered. Signatures of witnesses and the person from whose possession the books of account and documents have been found should be obtained. Separate inventories should be made of the books of account and documents found and seized and books of account and documents found but not seized.

**20.2** The Authorised Officer should apply his mind and broadly determine as to what books of account and documents are required to be seized. Some useful inputs for the decision-making-process in this regard are briefly mentioned below:-

- i. Where both duplicate set of books of account and regular books of account are found, the Authorised Officer should seize both the sets.
- ii. Documents and books of account pointing to an economic offence or violation should be seized.
- iii. Statements recorded u/s 132 (4) and the explanation offered by the person to whom the books of account and documents belong, the person in occupation of the premises or the person who wrote the books of account or documents or dealt with them (like, the accountant of the owner) could also help in deciding whether the books of account and documents should be seized or not.

## **21. Inventory of money (cash), bullion, jewellery and other valuable articles and things found in the course of the search**

**21.1** Detailed inventories should be prepared of cash, bullion, jewellery and other valuable articles and things found in the course of the search, whether seized or not. It is significant to mention in this connection that cash and other assets found in the course of the search can be seized only if these represent undisclosed income or property.

## **22. Inventory of jewellery and ornaments found in the course of the search and their seizure**

**22.1** The Authorised Officer should contact the control room for sending an approved valuer for the purpose valuing jewellery and ornaments found in the course of the search. It is necessary to record the exact place from where the jewellery and ornaments have been found as this fact may be relevant for establishing ownership subsequently. The inventory of the jewellery is generally prepared by the approved valuer after noting the full description of each item of jewellery, its gross and net weights and value. The exercise of valuation of jewellery should be carried out in the presence of the persons from whose possession the jewellery items were found and the witnesses to the search.

**22.2** Jewellery, ornaments and other valuable articles or things can be seized only if these represent undisclosed income or property. The Board's Instruction No. 1916 dated 11.05.1994 lay down the following guidelines for seizure of jewellery:-

- i. In the case of a wealth-tax assessee, gold jewellery and ornaments found in excess of the gross weight declared in the wealth-tax return only need be seized.
- ii. In the case of a person not assessed to wealth-tax, gold jewellery and ornaments to the extent of 500 gms. per married lady, 250 gms. per unmarried lady and 100 gms per male member of the family, need not be seized.
- iii. The Authorised Officer may, having regard to the status of the family and the custom and practices of the community to which the family belongs and other circumstances of the case, decide to exclude a larger quantity of jewellery and ornaments from seizure. This should be reported to the Director/Commissioner authorising the search at the time of furnishing the search report.
- iv. In all cases, a detailed inventory of the jewellery and ornaments found must be prepared, to be used for assessment purposes.

23. Bullion found in the course of the search

**23.1 Gold or silver bullion and silver and gold coins found in the course of the search should also be got valued by the approved valuer. In the case of bullion, the inventory should clearly mention the markings of such bullion and its gross weight. Where bullion with foreign marking is found, the control room should be contacted for further course of action whether these should be seized or not or whether the information regarding its detection needs to be communicated to any other agency or authority.**

24. Statutory procedure for seizure of bullion, jewellery and other valuable articles or things

**24.1 The procedure for seizure of bullion, jewellery and other valuable articles or things has been given in Rule 112(10) of the Income-tax Rules, 1962.**

## **25. Cash found in the course of the search**

**25.1** The cash found should be segregated according to denomination and counted in bundles of hundred notes. The person counting the notes and the person checking the counted notes should put their signatures on slips which should be attached to the bundles.

**25.2** Where the person from whose possession cash is found maintains a cash book, the cash balance shown in the cash book should be compared with the cash found. If the cash book has not been written up to date, the cash balance should be determined with reference to documents like, cash vouchers, counter foils of pay-in slips and cheques, if found in the course of the search. The explanation of the person searched should be obtained for discrepancies. If he does not maintain any cash book, his explanation should again be obtained for the cash found at the premises. The person searched should also be given a reasonable opportunity of furnishing evidence in support of his explanation. Pointed queries in this regard should also be made while recording his statement u/s 132 (4). The Authorised Officer should, after taking into account all the aforesaid and other relevant factors, decide whether the cash found or a part thereof should or should not be seized.

**25.3** Where in the course of the search, fake Indian currency is detected, information about the same should be immediately passed on to the control room so that the same can be communicated to the appropriate authorities for appropriate instructions to the search party.

26. Foreign currency found in the course of the search

**26.1** In the inventory of foreign currency or traveller's cheques in such currency, important details such as, the name of the country of origin, denomination and serial number(s) should also be mentioned. Pointed inquiries relating inter alia to the nature of possession and the source of acquisition should be made from the person from whose possession these are found. His statement on oath should also be recorded. The control room should be contacted for instructions about further course of action whether these should be seized or not or whether the information regarding detection of foreign currency and traveller's cheques in foreign currency need to be communicated to any other agency or authority.

27. Promissory Notes found in the course of the search

**27.1** Seizure of undischarged promissory notes may at times result in the debts becoming time-barred and bad. Therefore indiscriminate seizure of promissory notes has to be avoided.

**27.2** In case of seizure of promissory notes, bills of exchange and other similar documents, marks of identification should not be placed on the instrument itself but instead a piece of paper should be attached and marks of identification should be placed thereon.

28. FDRs found in the course of the search

**28.1** Inventories of the FDRs should give the names of the holders, the date of issue, the date of maturity, its distinctive number, face value, amount payable on maturity, rate of interest as well as the name and address of the banker who issued it. The statement of the person concerned regarding the nature of possession and the source of acquisition of the FDRs should also be recorded. Specific and pointed queries in this regard should be made while recording the statement u/s 132(4).

**28.2** Where a FDR is to be seized, marks of identification should not be placed on the instrument but on a piece of paper attached thereto.

29. Keys found in the course of the search

**29.1** Whenever any key is seized in the course of a search, its number should be recorded to facilitate identification at a later stage. In case it is not admitted that the key pertains to a bank locker, the number alone should be mentioned without any reference to any bank locker.<sup>13</sup> The place from which the key was found should also be mentioned. Where the bank locker or other receptacles to which the key found pertains has been identified, full particulars, like, bank locker number, name of the bank and branch, particulars of receptacles and its location, etc., should be recorded. The name of the person in whose name the locker stands and its contents should also be mentioned. Each key found and seized should be separately tagged and marks of identification placed thereon together with signatures of witnesses and the person concerned. Inventory of all keys found and seized in the course of a search should be carefully prepared.

**29.2** Where keys pertain to bank lockers, the control room should be informed about the same immediately. All efforts should be made to get information about bank lockers soon after the commencement of the search, in the course of the initial statements of the persons concerned. As soon as the information is received, all efforts should be made to obtain the keys of the lockers, which should then be seized. This is because a separate warrant of authorisation is needed for the search of lockers. It is, therefore, necessary that the control room is informed as early as possible about the existence of bank lockers and keys thereof so that

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<sup>13</sup>Board's Instruction No. 1576 dated 09.11.1984 <sup>14</sup>Board's letter F.No. 286/247/98-IT (Inv. II) dated 2nd

**the appropriate authority can take a decision in the matter and prevent operation of the bank locker in the mean time. Where a warrant of authorisation is issued for search of the locker, the same should be executed, immediately. Where it is not possible to search the locker immediately an order u/s 132(3) can be issued and the bank locker sealed by the Authorised Officer.**

30. Antiquities or Works of Art are found in the course of the search

30.1 Where in the course of a search, an article is found which *prima facie* appears to be an antiquity or of such an artistic or aesthetic value as worthy of being declared an “art treasure”, the Authorised Officer should get in touch with the control room. The in-charge of the latter should advise the Authorised Officer with regard to further appropriate action in the matter. He should also take steps to report the matter to the appropriate authority, such as, the Superintending Archaeologist and seek his advice. For proper identification, a white sheet of paper should be pasted either behind or below each article and the signatures of witnesses and the person concerned should be obtained thereon. The Authorised Officer should also make inquiries regarding the source of acquisition of each article.

31. Stock found in the course of the search

31.1 Inventories should be made of the stock found in the course of the search. This should, besides mentioning the quantity of the stock found, also mention its value. The exercise relating to valuation of stocks should be undertaken carefully, in a systematic manner.

31.2 The person whose premise is being searched should be given an opportunity to offer his explanation about the stock found and its value. Specific queries in this regard should also be made while recording his statement u/s 132 (4). Where the person maintains a stock register, the stock found should be compared with the entries made in the register. Wherever necessary, purchase and sale vouchers and other documents should also be examined. Depending upon the facts and the circumstances of the case, suitable methodology for verification of stock should be adopted. The purpose of this exercise is to find out whether the stock found in the course of the search stands explained with reference to the books of account, and other records maintained on a regular basis. If the stock found is in excess or deficient with reference to such books or records, the person concerned should be asked to explain the discrepancy.

31.3 Where on suitable verification, it is found that the stock found is in excess of what has been recorded in the books of account, the excess stock found can be treated as unaccounted and seized.

31.4 Where it is not possible or practicable to take physical possession of any valuable article or thing and remove it to a safe place due to its volume, weight or other physical characteristics or due to its being of dangerous nature, the Authorised Officer should act in accordance with the second proviso to section 132(1). This is called deemed seizure of the valuable articles or thing.

31.5 In the course of the search, excess or unaccounted stock of perishable nature may be found. Perishable stocks, if not released, could deteriorate in quality and value. The Board have decided that in such cases, the assets could be released on the strength of an unconditional and irrevocable bank guarantee to the full extent of the value of the seized assets concerned. The valuation is to be undertaken by the department and the guarantee itself should be clear, unequivocal, enforceable at any point of time.<sup>14</sup>

31.6 It should also be ensured that the seized assets with specific evidentiary value in prosecution proceedings are not be released till such proceedings are complete.<sup>15</sup>

31.7 Contravention of an order under the second proviso section 132(1), entails prosecution u/s 275A of the act.

32. Indiscriminate seizure not to be made

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<sup>14</sup>ibid. <sup>15</sup>Board’s letters F.No. 289/10/2000-IT (Inv. II) dated 28th November, 2000 and F.No. 289/10/2001-IT

32.1 Efforts should be made to prevent indiscriminate seizures causing avoidable harassment to taxpayers. The categories of books of account, etc. and the valuable articles seized should strictly come within the ambit of clauses (a), (b) and (c) of section 132(1). This would be possible only if the search party is provided with clear information regarding the books of account already produced by the party and valuables already disclosed. The search party should also equip itself with full information regarding the declared assets of the taxpayers from the returns of income/wealth filed, so that only undisclosed assets are seized for purposes of quantification of concealed income and appropriation of taxes due on such income. Seizure of assets already reflected in the records filed with the department should be avoided.<sup>16</sup>

32.2 In case assets disclosed in the regular books of account have been seized, these can be released subject, of course, to recovery action liable against any existing tax liability.<sup>17</sup>

33. Continuation of search on the subsequent day

33.1 As far as possible search of a premises should be concluded on the same day. However, when it is not possible to do so and it is considered necessary to continue the search on a subsequent day, an order u/s 132(3) should be issued and the premises sealed properly and placed under a police guard along with some responsible persons of the department. Where the sealing of residential premises cannot be avoided, only that portion thereof should be sealed, which is to be searched on the subsequent day so that minimum inconvenience is caused to inmates. On the subsequent day when the search is resumed, the seals should be opened in the presence of witnesses. Where any seal is found to be broken or tampered with, an immediate police complaint should be lodged. Contravention of an order u/s 132(3) of the Act entails prosecution under section 275 A of the Act.

34. Search of bank lockers

34.1 In a case where information is available about a bank locker of a person and the authority competent to authorise a search is satisfied that the statutory conditions laid down in section 132(1) justifying its search are fulfilled, he will issue a warrant of authorisation. The locker can then be searched in pursuance of such warrant.

34.2 There can, however, be cases where there is no advance information about the existence of any bank locker and a search is in the process of being conducted on certain premises. In such a situation, the Authorised Officer should ascertain whether the person concerned has hired any bank locker. In the initial statement of such persons, specific and pointed queries regarding hiring of bank lockers should be made. If he gives information about his possession of bank lockers, keys thereof should also be obtained. The information collected should be communicated immediately to the control room. A separate warrant of authorisation is needed for searching a bank locker. If more than one bank locker is detected, separate warrants of authorisation will be needed for each of them. Till such time as separate warrants of authorisation for the lockers are issued, the control room in-charge should take requisite steps to prevent their operation or the removal of assets or documents kept therein. If following the warrant of authorisation for searching a bank locker, it is not possible to search the same immediately, an order u/s 132(3) should be issued and served on the Bank Manager and the person(s) in whose name it has been hired.

34.3 The search party should ascertain the last date on which the bank locker was operated as also the details of locker rent paid and FDRs etc., kept by the person with the bank. If keys are not available, steps may be taken to break open the locker.

34.4 Inventories of the contents of a locker should be prepared in the same manner as in the case of search of any other premises. The decision with regard seizure of such contents will also be governed by the same consideration as the search of any other premises.

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<sup>9</sup><sup>17</sup>Board's letter F.No. 286/247//98-IT (Inv. II) dated 2nd February, 1999<sup>18</sup>Board's Instruction No. 1745 dated

35. Signatures on the various inventories and lists etc., prepared in the course of the search

**35.1 All the inventories and lists etc., prepared in the course of the search, should be signed by the following:-**

- i. Authorised Officer
- ii. occupant of the building, place, vessel, vehicle or aircraft, including the person in charge of such vessel, vehicle or aircraft, searched
- iii. witnesses to the search

36. Statement under section 132 (4) of the Income Tax Act, 1961

**36.1 Section 132(4) empowers the Authorised Officer to examine on oath, during the course of the search and seizure operation, any person who is found to be in possession or control of any books of account, documents, money, bullion, jewellery or other valuable article or thing. Such examination may be not limited to the contents of books of account, or documents or the nature of assets found during of the search, but could extend to all matters relevant for any investigation connected with any proceeding under the Income-tax Act. Any statement made by such person during such examination may also used in evidence in any proceeding under the Act.**

**36.2 One of the purposes of on-the-spot examination on oath is to elicit truth before a person whose statement is sought to be recorded, has an opportunity to concoct an explanation or fabricate evidence.**

**36.3 Some points that should be kept in view while recording a person's statement are as under :-**

- i. The persons whose statements are to be recorded should not be allowed to brief one another or to compare notes.
- ii. Before recording the statement, the Authorised Officer should administer an oath/affirmation and warn the person concerned against making any false statement. Refusal to take oath or make a statement on solemn affirmation should be specifically recorded and signatures of witnesses obtained. This is necessary because such refusal is an offence u/s 176 IPC. Secondly, such a refusal may also enable the income-tax authorities to draw an adverse inference.
- iii. The statement should begin with the identification particulars of the person making the statement, like, his full name, his father's name, permanent and local address, age, nationality, occupation, permanent account number and whether he is assessed to tax and if so, where, etc.
- iv. Specific and pointed queries should be made on matters like, the nature of possession and source of acquisition of money, bullion, jewellery and other valuable articles and things, found in the course of the search.
- v. The person whose statement is being recorded should also be asked about the books of account and documents found in the course of the search. Documents shown to the person at the time of recording of his statement should be properly identified.
- vi. Where foreign currency, traveler's cheques in foreign currency or fake Indian currency are found, mode and nature of their possession and source of acquisition should be inquired into.
- vii. The person should be closely examined on the excesses/shortages of stock found in the course of the search.
- viii. Where a person declines to answer on the pretext of ill health, nervousness, or shock or fatigue or mental tension, he should be given some time to take rest before resuming

questioning. If need be, a medical practitioner may be called for examination. All certificates issued by the medical practitioner should be made part of the panchnama.

ix. As far as possible statements should be recorded in the exact words used by the person.

x. If in his statement, a person refers to the transaction with, or any thing said to have been done or stated or written by, any other person, the information should be communicated to the control room so that such other person is also examined on oath, before he could be contacted by the first person.

37. Preparation of panchnama

**37.1 At the end of the search or when it is concluded for the day, a panchnama is required to be prepared. The form for such panchnama is provided to the search party by the Investigation Unit organising the search. This is a document of considerable evidentiary value and should be prepared with due care and caution. When the search is resumed on a subsequent day, the panchnama prepared on the subsequent day should refer to the immediately preceding panchnama and also to the fact that all the seals were inspected by the Officer(s) and the witnesses and that they were found intact.**

**37.2 The panchnama should mention all significant events in the search in the same sequence in which they occurred. A specimen of the brass seal used should also be put on the panchnama. Even where nothing is found or seized in the course of a search, a panchnama should be prepared in the usual manner.**

**37.3 The following should also be appended to the panchnama and made a part thereof :-**

- i. List/Inventory of all books of account and documents found and seized
- ii. List/Inventory of all books of account and documents found but not seized (A mention may be made of the marks of identification made).
- iii. List/Inventory of bullion, jewellery, ornaments and gold and silver articles, etc. found and seized
- iv. List/Inventory of bullion, jewellery, ornaments and gold and silver articles, etc. found but not seized
- v. List/Inventory of other valuable articles and things found and seized
- vi. List/Inventory of other valuable articles and things found but not seized
- vii. Inventories of cash found, with break-up of cash seized and cash not seized
- viii. Inventory/List of other assets found, with break-up showing those seized and those not seized
- ix. Inventory of stock found, with details of stock seized, stock deemed to have been seized under the second proviso to sec. 132(1), stock restrained u/s 132(3) and stock not seized.

38. Transport and safe custody of the seized materials

**38.1 The seized documents and valuables should, as far as possible, be transported to the control room, under police protection. Some members of the search party must accompany the vehicles in which the seized books of accounts, documents and assets are being transported.**

### **39. Handing over of the seized books of account, etc. and seized money to the custodian**

**39.1** The Authorised Officer, the leader of the search party, should hand over the books of account, other documents and the sealed package(s) containing the bullion, jewellery and other valuable articles or things, seized during the course of the search to the custodian. Any money seized in the course of the search should also be deposited with him. As provided in rule 112(11), the custodian can be an income-tax authority, not below the rank of the Income-tax Officer. This

function should ordinarily be performed by the Deputy or Assistant Director of Income Tax (Investigation), as he would be present in the control room to coordinate the search and receive seized material, panchnamas, search report etc., from the Authorised Officer. He should ensure that a sufficient number of other officials are available in the control room to assist him in the performance of this function.

**40. Steps required to be taken by the custodian for the safe custody of seized books of account and other documents and packages containing bullion, jewellery and other valuable articles or things**

**40.1** The custodian should take suitable steps for the safe custody of books of account and other documents, and the packages, conveyed to him by the Authorised Officer.

**41. Steps required to be taken by the custodian where any seized money is deposited with him: crediting of the money in the Personal Deposit Account**

**41.1** Rule 112(2)(iii), provides for the deposit of the seized money in the Personal Deposit Account of the Chief Commissioner or Commissioner.

**41.2** In its letter no. 380/5/84-IT(B) dated 31.03.1985, the Board has stressed that the Personal Deposit Account should be opened only with the approval of the Board. It has been emphasised in the Board's Instruction No. 1745 dated 22.01.1987 that in all cases where money is seized as a result of a search, the same should be deposited in the Personal Deposit Account. In case there is no Personal Deposit Account, a formal request should be made to the Board for opening such account. The necessary Personal Deposit Account should be opened only on receipt of the sanction of the Board.<sup>18</sup>

**41.3** Sometimes it becomes necessary to retain the seized currency without depositing the same in the Personal Deposit Account of the Commissioner concerned to preserve the identity of currency notes from the point of prosecution. For example, in a case where currency notes were seized in the course of a search, the assessee claimed to have obtained the cash on a particular date, whereas the currency notes were found to bear the RBI stamp which indicated that the notes were actually issued on a date subsequent to the date claimed by the assessee. In a case of this type, the retention of currency notes is necessary to prove the falsity of the assessee's claim as a piece of evidence for launching prosecution. In such cases, the Commissioner may, after consultation with the prosecution counsel, retain the currency in original form and record his reasons for doing so. If retention of currency notes in its original form is found necessary the same may be placed in a package and kept in the safe custody of a bank/treasury as specified in the Rules.<sup>19</sup>

**41.4** The deposits and withdrawals in the Personal Deposit Account are subject to audit by Zonal Accounts Officer, CBDT. The accounts are also subject to audit by the officers of the Comptroller and Auditor General, once in a year.

**42. Submission of report by the search party**

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<sup>18</sup>Board's Instruction No. 806 dated 30.11.1974<sup>20</sup>This is as per sub-section (9A), as amended by the Finance

42.1 **The leader of the search party should submit a report to the JDIT (Inv.)/DDIT (Inv.)/ADIT (Inv.) in-charge of the search. The report should mention all salient features of the search and seizure operation, including, the problems, if any, faced by the search party; extent of damage, if any, caused to the premises searched and the reasons thereof; any untoward incident which took place during the search; details of significant information given to the control room; intimation, if any given to other Government agencies; any significant feature of the seized books of account or other documents; highlights of statements recorded under section 132(4); and any other relevant information that the leader of the search party wishes to make.**

43. **Handing over of the seized books of account, documents and assets to the Assessing Officer**

43. 1 **Where the Authorised Officer has no jurisdiction over the person in whose case a search has been conducted, he is required to hand over the seized books of account or other documents or assets to the Assessing Officer having jurisdiction over such person within a period of sixty days from the date on which the last of the authorisations for search was executed.<sup>20</sup> Thereafter the powers exercisable by the Authorised Officer u/s 132(8) or 132(9) shall be exercisable by such Assessing Officer.**

44. **Retention of seized books of account and documents**

44.1 **The books of account or other documents as well as other assets seized as a result of the search initiated on or after 01.06.2002 cannot be retained by the Authorised Officer (Assessing Officer, after the books of account and documents have been handed over to him) for a period exceeding thirty days from the**

**date of the order of assessment under clause (c) of section 158BC<sup>21</sup> unless the reasons for retaining the same are recorded by him in writing and the approval of the Chief Commissioner, Commissioner, Director General**

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<sup>21</sup>This is a per the provisions of sub-section (8), as amended by the Finance Act, 2000, with effect from 1-6-2002. Prior to this (that is, in the case of a search initiate before 01.06.2002), the time-limit was one hundred and eighty

or Director for such retention is obtained. However, such approving authority shall not authorise the retention of the books of account and other documents for a period exceeding thirty days after all the proceedings under the Act in respect of the years for which the books of account or other documents are relevant are completed.

45. Person entitled to make copies of books of account and documents

45.1 The person from whose custody any books of account or other documents are seized is entitled to make copies thereof, or take extracts therefrom, in the presence of the Authorised Officer (Assessing Officer, after the books of account and documents have been handed over to him) or any other person empowered by him in this behalf.

46. Powers to requisition books of account, etc., under section 132A

46.1 Section 132A empowers certain income-tax authorities to requisition books of account, other documents and assets taken into custody by other officers or authorities.

46.2 While all the income-tax authorities mentioned at section 132A(1) have the statutory power to authorise the requisition books of account, etc., in view of the administrative distribution of functions amongst various functionaries of the department, these powers are ordinarily exercised by the Director of Income-tax (Investigation). The officer authorised u/s 132A(1) to requisition books of account, etc. is called the requisitioning officer.

46.3 The authority competent to authorise requisition books of account, etc., can do so only by issuing a warrant of authorisation in Form No. 45C.<sup>22</sup> The procedures required to be followed by the requisitioning officer and the delivering officer or authority have been laid down in Rule 112 D.

#### 47. Reward to informants

47.1 There is a scheme for granting reward to informants. Rewards to them are governed by the guidelines issued by the Board from time-to-time, since 1964. The guidelines have been revised periodically, but the exact applicability of any particular guideline or a set of guidelines to a case would depend inter alia upon the date on which the informant furnished the information to the Department. The latest guidelines issued in the year 1993, however, brought about important procedural changes with regard to the authorities competent to grant rewards and the conduct of proceedings before them. These guidelines apply to cases where information was furnished on or after 01.12.1993. Certain procedures laid down in the said guidelines also apply mutatis mutandis to pending cases where information was furnished, prior to 1st December, 1993.

47.2 The guidelines for granting reward to informants issued from time-to-time in the past and their applicability are as under:-

S.No.	Year of issuance of the guidelines	Applicable to information furnished	
		From	To

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days from the date of the seizure.<sup>22</sup> See Rule 112D (1) of the Income Tax Rules, 1962.<sup>23</sup> The point mentioned here

1	1964	Information received up to 31.03.1970	
2	1970	01.04.1970	30.06.1973
3	1973	01.07.1973	31.12.1979
4	1980	01.01.1980	30.09.1983
5	1983	01.10.1983	30.11.1987
6	1987	01.12.1987	30.11.1993
7	1993	01.12.1993	Still continuing

### Types of reward

**47.3** The guidelines provide for the following types of rewards:-

- i. Payment of reward on adhoc basis
- ii. Interim reward
- iii. Part of final reward (only in cases covered by the guidelines issued in 1987 and 1993 and not in the cases covered by the earlier guidelines)
- iv. Final reward

### Some important points relating to rewards to informants

**47.4** Some important points relating to rewards to informants are given below :-

- i. The identity of the informant should be kept secret.
- ii. The grant and payment of reward is in the absolute discretion of the competent authority and no petition or representation against any decision under the guidelines should be entertained.
- iii. The claim of reward shall be confined to cases where action is actually taken in pursuance of the information furnished by the informant and will not be extended to cases where voluntary returns admitting additional income/wealth are filed subsequent to the receipt of the information but before any action on the basis of the information has been taken.
- iv. Ordinarily no reward should be granted in respect of any information received by the Income-tax department from any other Government department.
- v. In determining the reward which may be granted, the authority competent to grant a reward will keep in mind the following circumstances:-
  - b. the accuracy of the information given by the informant.
  - c. the extent and nature of help rendered by him.
  - d. the risk and trouble undertaken and the expense and odium incurred by him in securing and furnishing the information and documents.
  - e. the quantum of work involved in utilising the information furnished and in making the assessment.
  - f. the quantum of extra taxes levied and actually realised or realisable which are directly attributable to the information and documents supplied by the informant. The quantum of extra taxes realisable will be determined only after all the assessments have become final and no appeal, etc. is pending or filed and the time for filing of appeal has expired.
- i. Where in a search case, a question arises whether a reward should be granted to the informant and if so- its quantum, the following points should be kept in view:<sup>23</sup>

g. The amount of reward will depend upon the nexus between the information given and the evidence gathered in the course of the search. No reward is payable to the informant with reference to the extra taxes levied and actually realised in a case, if such extra taxes are not directly attributable to the information furnished by him. For example, where the informant furnished information about the modus operandi relating to a particular business but during the search, material and books of account etc., incriminating the person searched, relating to another business were found, extra taxes levied and realised in regard to the undisclosed income of such other business should not be considered while determining the amount of reward payable to the informant. Similarly, there can be a case where the material and evidence, etc. found in the course of the search leads to levy and actual realisation of extra taxes but such extra taxes are not directly attributable to the information furnished by the informant. In such cases also, such extra taxes should not be considered while determining the amount of reward payable to the informant.

h. Final reward is payable only with reference to such extra taxes levied and actually realised as are directly attributable to the informant's information, after all the proceedings have become final. However interim reward can be granted to an informant even before completion of the assessment or other proceedings, if the relevant conditions mentioned in the reward guidelines are fulfilled. Interim reward can be paid in more than one instalment.

i. The proposal for grant of a reward is generally prepared by the ADIT (Inv.)/DDIT (Inv.)/JDIT (Inv.)/Addl. DIT (Inv.) of the Investigation Unit of the Directorate of Income Tax (Investigation) to whom information was furnished by the informant. However, information about the extra taxes levied and actually realised in a search case is furnished by the Assessing Officer to the officer of the aforesaid Investigation Unit. While the Assessing Officer does not have access to the information furnished by the informant, the officer of the Investigation Unit does not automatically get information about such extra taxes levied and realised in a case, on the basis of the information directly attributable to the informant. Copies of the assessment and appeal orders also do not come to him in the normal course. This may lead to a situation where information about the extra taxes levied and realised reported by the Assessing Officer (wherever so required under the reward guidelines, after suitable audit checks) to the officer of the Investigation Unit in a case pertains to the revenue gain attributable to the evidence, etc. found as a result of the search. But the revenue gain may not necessarily be directly attributable to the information given by the informant. It is, therefore, necessary that before calling for a revenue gain report from the Assessing Officer, the officer of the Investigation Unit of the Directorate carefully examines the relevant assessment and appellate orders etc. and identifies the undisclosed income brought to tax, which is directly attributable to the informant's information. He should communicate his findings in this regard to the Assessing Officer and call for the revenue gain report (or the information about the extra taxes levied and actually realised) with suitable audit checks, wherever so required under the reward guidelines, with reference to such items of undisclosed income only as are directly attributable to the informant's information. Where there is a dispute or difference of opinion on any of these issues between the officer of the Directorate of Income-tax (Investigation) and the Assessing Officer, both the points of view should be placed before the authority/committee competent to grant reward, while submitting the reward proposal.

- i. No reward should be granted if the information furnished is of vague and general nature. Reward should also not be granted in respect of any incidental benefits which may arise to revenue in other cases as a result of the information furnished by the informant.
- ii. Where information is furnished by more than one informant, it should be made clear as to in what ratio the reward, if any due, will be apportioned between them. The sanction order for granting the reward should also clearly mention the ratio in which the reward will be apportioned between the informants.
- iii. Reward under the guidelines is in the nature of ex-gratia payment. No assignment thereof made by the informant will be recognised.

#### **48. Reward for search and seizure work to departmental officers and staff**

**48.1** A scheme for granting reward for search and seizure work to departmental officers and staff is in operation with effect from the 1st April, 1985.

**48.2** Some salient features of the scheme are as under:-

- i. Monetary reward for search work can be sanctioned in cases where the seizure is at least Rs. 10 lakhs in non-metropolitan towns and Rs. 25 lakhs in metropolitan towns.
- ii. Where valuables have been seized, the officials entitled for reward would be (a) all members of the particular search party who have detected and seized valuables, and (b) the DDIT, ADIT and Inspectors of the Investigation Wing (after redesignation of the posts, 'the Additional DIT (Inv.)/Joint DIT (Inv.), DDIT (Inv.), ADIT (Inv.) and Inspectors of the Investigation Wing'). The ratio of disbursement of the reward in such cases shall be at the rate of 40% of the final amount sanctioned to (a) above and balance 60% to (b) above.
- iii. The maximum amount of reward payable is 10% of the additional income brought to tax. In a case where the search was the outcome of the information furnished by an informer, the reward payable to the officers/staff will be only 5% of the additional income brought to tax. Where as a result of the search, the assessee himself discloses what was hitherto undisclosed income, excess of income returned over the income as per the books maintained, if any, shall be treated as additional income brought to tax. Where no books of account are maintained or though books are maintained but the income has not been arrived at, the excess of income returned over the mean of the last three years' returned income shall be treated as additional income brought to tax for purposes of computing the reward.
- iv. Where the assessment is completed on an agreed basis and the decision is not appealed against, the reward will be payable after the expiry of the period within which appeals could be filed.
- v. Where the case is in appeal, 50% of the reward admissible shall be paid after the order of the CIT(Appeals) is received. In all other cases, the final reward will be payable after the orders of the Income-tax Appellate Tribunal are received.
- vi. Where reward is sanctioned for search and seizure scrutiny assessments, the reward shall be shared between the officer and staff of the Investigation wing, authorised officer and Assessing Officer and his staff.

The following committees of officers are competent to grant reward :-

S.No.	Amount of reward	Constitution of the Committee
1	Reward up to Rs. 20,000/-	(i) Commissioner of Income Tax (ii) DIT(Investigation) only where the search was authorised by him
2	Reward in excess of Rs. 20,000/- but not exceeding Rs. 1 lakh per assessment	(i) Member (Investigation), CBDT (ii) DGIT (Investigation) (iii) DIT(Investigation) of the zone concerned
3	Reward in excess of Rs. 1 lakh per assessment	(i) Chairman, CBDT (ii) Member (Investigation), CBDT (iii) Member (Income Tax)

vii. Reward shall be payable up to the level of the erstwhile Assistant Commissioner (after redesignation of the posts, currently up to the level of the Additional Commissioner of Income tax). Payment of reward depends upon the contribution made by the officials as a team as well as individually with regard to collection of intelligence, surveillance, effecting seizures, framing of assessments, etc. Due credit will be given to the staff employed in investigation and/or prosecution work resulting in conviction of persons involved.

viii. Reward Rules also permit granting of ad-hoc rewards in appropriate cases.

ix. Rewards shall be exempt from payment of income tax.

x. Reward is purely an ex-gratia payment and the competent committee's discretion shall be final.

## **Annexure-I**

### **Provisions of the Income Tax Act, 1961 Governing, or Relevant to, Search and Seizure and Requisition of Books of Account, etc.**

S.No.	Section	Main matters with which the section deals
1	132	Authorisation for search, Who can authorise search, powers and

	Sub-sections (1) to (14)	functions of the Authorised Officer, seizure of books of account, other documents, money, bullion, jewellery and other valuable articles and things, statement of the person found to be in possession or control of any books of account, documents, bullion, jewellery or other valuable articles or things, restraint order, presumption where any books of account, documents, bullion, jewellery or other valuable articles or things are found in the possession or control of any person in the course of a search, retention of seized books of account and documents and the period of retention, handing over of the seized books of account, documents and assets to the Assessing Officer
2	132A Sub-sections (1) to (3)	Power to requisition books of account, etc.: Authorisation for requisitioning books of account, other documents and assets taken into custody by any other officer or authority, powers and functions of the requisitioning officer, duties of the delivering officer or authority
3	275A	Offences and Prosecutions: contravention of order made under the second proviso to sub-section (1) or sub-section (3) of section 132 of the Income Tax Act, 1961

**Provisions of the Income Tax Rules 1962 Governing, or Relevant to, Search and Seizure and Requisition of Books of Account, etc.**

S.No.	Rule	Main matters with which the rule deals
1	112-Sub-rules (1) to (14)	Form of authorisation under sub-section (1) of section 132 of the Income Tax act, 1961; Any person in charge of any building, place, vessel, vehicle or aircraft authorised to be searched to allow to the Authorised Officer free ingress thereto and afford all reasonable facilities for a search therein; assistance of police officers or of the officers of the Central Government or both for ingress into a building or place authorised to be searched; assistance of police officers or of the officers of the Central Government or both for ingress into a vessel, vehicle or aircraft authorised to be searched; opening of any box, locker etc. in the course of the search; restraint order, personal search; appointment of witnesses, search to be made in the presence of witnesses; list of things seized in the course of the search; persons who may be permitted to attend the search; Procedure for seizure of bullion, jewellery and other valuable articles or things; conveying of the seized books of account, documents and sealed packages containing seized bullion, jewellery and other valuable articles or

		things to the Custodian; deposit of seized cash with the Custodian; Procedure to be followed by the Custodian for dealing with seized cash, sealed packages containing bullion, jewellery and other valuable articles and things, books of account and documents; opening of sealed packages; powers of the Assessing Officer to whom seized books of account, documents and assets have been handed over
2	112A	Inquiry under section 132 of the Income Tax act, 1961
3	112D	Requisition of books of account etc.

**Provisions of the Indian Penal Code, 1860**  
**Relevant to Search and Seizure**

S.No.	Section	Main matters with which the section deals
1	172	Absconding to avoid service or situations of other proceedings: punishment for avoiding service of summons, notice or other order proceeding from any public servant
2	178	Refusing oath of affirmation when duly required by public servant to make it: punishment for refusal by a person to bind himself by an oath (or affirmation) when required so to bind himself by a public servant legally competent to require that he shall so bind himself
3	179	Refusing to answer public servant authorised to question
4	180	Refusing to sign statement: Punishment for refusing by a person to sign statement made by him, when required by a public servant competent to so require
5	181	False statement on oath or affirmation to public servant or person authorised to administer an oath or affirmation
6	187	Omission to assist public servant when bound by law to give assistance
7	193	Punishment for false evidence
8	196	Punishment for corruptly using evidence known to be false or to use as true or genuine any evidence knowing it to be false or fabricated

9	204	Punishment for secreting or destroying any document, which the person may be lawfully compelled to produce as evidence or for obliterating or rendering illegible the whole or any part of such document with the intention of preventing the same from being produced or used as evidence.
10	228	Intentional insult or interruption to public servant sitting in judicial proceeding

**Provisions of the Code of Criminal Procedure, 1973**  
**Relevant to, Search and Seizure**

S.No.	Section	Main matters with which the section deals
1	47	Search of place entered by person sought to be arrested
2	51	Search of arrested person
3	91	Summons to produce document or other thing
4	93	When search warrant may be issued
5	94	Search of place suspected to contain stolen property, forged documents, etc.
6	99	Directions, etc. Of search warrants
7	100	Persons in charge of closed place to allow search
8	102	Power of Police Officer to seize certain property
9	103	Magistrate may direct search in his presence
10	104	Power to impound document, etc. produced
11	165	Search by Police Officer
12	195	Prosecution for contempt of lawful authority of public servants, for offences against public justice and for offences

		relating to documents given in evidence
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## **Chapter- 6**

### **VALUATION CELL**

**1. Introduction :** The Valuation Cell is the official valuation machinery of the Income-tax department. It has been entrusted with the task of valuation of immovable properties and plant and machineries.

**1.2** The Valuation Cell in its present form was set-up in the year 1972. This was as a result of the amendments made in the Wealth Tax Act, 1957 by the Taxation Laws (Amendment) Act, 1972, with a view to strengthening the functioning of the administrative set up of the Valuation Wing, which was then functioning under the Board. The Taxation Laws (Amendment) Act, 1972 also inserted provisions in the Wealth tax Act, 1957, Gift Tax Act, 1958 and the Income Tax Act, 1961 for references to Valuation Officers for valuation of assets.

#### **2. Organisation and jurisdiction<sup>24</sup>**

**2.1** The Valuation Cell comprises four categories of Valuation Officers, viz., Regional Valuation Officer, District Valuation Officer, Valuation Officer and Assistant Valuation Officer. They are appointed by the Central Government, and are assisted by officials of various categories in the performance of their functions.<sup>25</sup>

**2.2** Regional Valuation Officers<sup>26</sup> exercise general supervision over the work of District Valuation Officers, Valuation Officers and Assistant Valuation Officers. They do not undertake valuation work.

**2.3** The other categories of Valuation Officers, namely, District Valuation Officers<sup>27</sup>, Valuation Officers<sup>28</sup> and Assistant Valuation Officers<sup>29</sup> undertake valuation work. They perform their functions within such areas as the Board may direct. For valuation of buildings, lands or rights in lands or buildings, falling within the area assigned to them, distribution of functions between District Valuation Officer, Valuation Officer and Assistant Valuation Officer has been laid down in Sub-rule (3) of Rule 3A of the Wealth tax Rules.<sup>30</sup>

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<sup>1</sup> <sup>24</sup>See section 12A of the Wealth Tax Act, 1957 (Appointment of Valuation Officers) and Rule 3A of the Wealth Tax Rules (Jurisdiction of Valuation Officers). The statutory provisions relating to appointment, jurisdiction and powers of Valuation Officers appear in the Wealth Tax Act, 1957. For the purposes of valuation under the Gift Tax Act, 1958 and section 55A of the Income Tax Act, 1961, the expression "Valuation Officer" has the same meaning as in section 2(r) of the Wealth Tax Act, 1957. <sup>25</sup>See sub-sections (1) and (2) of section 12A of the Wealth Tax Act, 1957. <sup>26</sup>Posts manned by Chief Engineer (Civil), CPWD. <sup>27</sup>Posts manned by Superintending Engineer (Civil), CPWD. <sup>28</sup>Posts manned by Executive Engineer (Civil), CPWD. <sup>29</sup>Posts manned by Assistant Engineer (Civil), CPWD. <sup>30</sup>This distribution of functions is based on certain monetary limits.

**2.4** Valuation of plant and machinery is made by the Valuation Officer (Plant and Machinery).

### **3. Functions of the Valuation Cell**

**3.1** The main function of the Valuation Cell is to determine value of such assets (land and building or plant and machinery) as are referred for valuation to it by the income-tax or wealth-tax or gift-tax authorities. Such valuations fall in the following categories:-

- i. Valuation made by a Valuation Officer on the basis of a statutory reference under section 16A(1) of the Wealth-tax Act, 1957 or section 15(6) of the Gift-tax Act, 1958 or section 55A of the Income-tax Act, 1961. This is legally binding on the authority making the reference.
- ii. Valuation of advisory nature made by the Valuation Officer. This is in the nature of expert opinion.

**3.2** The Valuation Cell is also required to perform certain functions in matters relating to departmental representation before the Commissioner of Income Tax (Appeals) and the Income Tax Appellate Tribunal.

### **4. Statutory reference under section 16A of the Wealth Tax Act, 1957 to the Valuation Officer**

**4.1** The Assessing Officer can make a reference under section 16A(1) of the Wealth tax Act, 1957 to a Valuation Officer for valuation of an asset if certain statutory conditions are fulfilled. The valuation made by the Valuation Officer under section 16A(1) is legally binding on the Assessing Officer. In so far as the valuation of the asset in question is concerned, the Assessing Officer is required to complete the assessment in conformity with the estimate of the Valuation Officer.

**4.2** The value of any asset, other than cash, for the purpose of the Wealth Tax Act is its value as on the valuation date, determined in the manner laid down in the Schedule III<sup>31</sup>. Schedule III of the Wealth Tax Act, 1957 contains a number of rules laying down the methods for determination of value of various assets. There are, however, certain assets in respect of which no specific method for valuation has been laid down in Schedule-III. For valuation of such assets, Schedule-III itself provides that the value of such asset shall be estimated to be the price which, in the opinion of the Assessing Officer, it would fetch if sold in the open market on the valuation date.

**4.3** It is not open to the Assessing Officer to deviate from the method for valuation of an asset laid down in Schedule-III, except in situations where this Schedule itself permits such a deviation. For example, Rule 3 of the Schedule lays down the method for valuation of a building or land appurtenant thereto or a part thereof. The Assessing Officer is, however, not required to follow the method laid down in the aforesaid Rule 3 if at least one of the exceptional circumstances mentioned in Rule 8 exists in a case. These circumstances are: (1) where having regard to the facts and circumstances of the case, the Assessing Officer, with the previous approval of the Additional/Joint Commissioner of Income Tax, is of the opinion that that it is not

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<sup>31</sup> See section 7 of the Wealth Tax Act, 1957.<sup>32</sup> See section 16A of the Wealth Tax Act, 1957 and Rule of the

practicable to apply the provisions of Rule 3 to the case; (2) where the difference between the unbuilt area and the specified area exceeds 20% of the aggregate area; and (3) where the property is constructed on a leasehold land and the lease expires within a period not exceeding fifteen years from the relevant valuation date and the lease deed does not give an option to the lessee for the renewal of the lease. If any of these exceptional circumstances exists, the market value of the property, will be determined in accordance with rule 20 and not rule 3 of the Schedule.

**4.4** As per section 16A, the Assessing Officer may refer the valuation of any asset to a Valuation Officer where for the purposes of making an assessment, the market value of the asset is to be determined under the provisions of section 7 read with either the Wealth-tax Rules or the rules contained in Schedule III to the Act.<sup>32</sup>

**4.5** It follows from a combined reading of sections 7 and 16A that a reference to the Valuation Officer under section 16A can be made only in respect of an asset where in accordance with rules in schedule III, market value is to be considered for making of the assessment. Such a reference to Valuation Officer shall be mandatory if the case is covered by section 16A(1) It would not be open to the Assessing Officer to decide the question of valuation on his own in such cases.<sup>33</sup>

**4.6** In case of assets where rules in schedule III do not require taking of market value for making an assessment, there is no question of making of any reference to the Valuation Officer under section 16A. Their value is to be computed as per the relevant rule in schedule III.<sup>34</sup>

**4.7** The following important points relating to reference to Valuation Officers for valuation of immovable properties merit a brief mention :-

i. Rule 3 of Schedule-III lays down a specific method for valuation of building or land appurtenant thereto or a part thereof. It is not open to the Assessing Officer to deviate from this rule unless one of the exceptional circumstances mentioned in Rule 8 exists in a case. If none of the exceptional circumstances mentioned in Rule 8 of Schedule III exist in a case, no reference under section 16A of the Wealth Tax Act, 1957 can be made to the Valuation Officer. In such a situation the Assessing Officer is bound to determine the value of the property in the manner laid down in the said Rule 3. However, if any one or more of the exceptional circumstances mentioned in clauses (a), (b) or (c) of Rule 8 of Schedule III exist in a case and the conditions mentioned in section 16A (1) of the Wealth Tax Act, 1957 are also fulfilled, the Assessing Officer is required to refer the property for valuation to the Valuation Officer.

ii. The validity of a reference under section 16A of the Wealth Tax Act, 1957 depends upon the satisfaction of certain statutory conditions. Therefore, before making a reference to the Valuation Officer under section 16A(1) , the Assessing Officer should record a satisfaction note, stating clearly as to how the relevant statutory conditions are fulfilled. The note should also give reasons for making the reference under section 16A.

iii. Where for deviating from the specific method for valuation of an asset laid down in Schedule-III, prior approval of a higher wealth-tax authority is required<sup>35</sup>, the Assessing

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<sup>33</sup> Board's Instruction No: 1905, dated 09/12/1992. <sup>34</sup> ibid. <sup>35</sup> For example, see rule 8(a) of Schedule III of the Wealth Tax Act, 1957. <sup>36</sup> Board's letter F.No. 326/50/78-WT, dated 30.6.1979. <sup>37</sup> Board's Instruction No: 1885,

Officer should ensure that, before making such deviation, a suitable reference is made to the concerned higher authority and his approval obtained. Also, where the provisions of Rule 8(a) of Schedule III have been invoked with the prior approval of the Additional/Joint Commissioner, the Assessing Officer should clearly mention this fact in the reference to the Valuation Officer. In case the circumstances mentioned in sub-rule (b) or (c) of Rule 8 are applicable this fact should also be clearly indicated in such reference. In case the Valuation Officer receives a reference under section 16A(1) of the Wealth tax Act, 1957, from an Assessing Officer which does not contain the aforesaid information, the Valuation Officer should seek a clarification from the Assessing Officer before proceeding further with the reference.

iv. All liable cases should be referred to the Valuation Cell. A register of references for valuation to the Valuation Cells should be maintained by the officer concerned and this should be periodically checked by - the range Addl./Joint Commissioner and a certificate sent to the Commissioner.<sup>36</sup>

v. The range Joint/Additional Commissioners and Assessing Officers should ensure that all the references are sent to the Valuation Cell well before the limitation dates of the relevant assessments. It should be ensured that the references are well spread out throughout the year and that bulk of the references are not made in the last quarter of the financial year.<sup>37</sup>

vi. Assessing Officers should make references under section 16A in respect of those assessment years only in respect of which assessment proceedings may be pending before them. Otherwise, a reference to the Valuation Cell can be made only on a non-statutory basis only.<sup>38</sup>

**5. Proceedings before the Valuation Officer :** Sub-sections (2) to (5) of section 16A lay down the procedure which the Valuation Officer is required to follow when a reference under sub-section (1) of section 16A of the Wealth tax Act, 1957 is made to him. Where he is of opinion that the value of the asset has been correctly declared in the return made by the assessee, he is required to pass an order to that effect under section 16A(3) . In other situations, an order under section 16A(5) is required to be passed. The Valuation Officer can rectify any mistake apparent from the record in an order passed by him. This can be done only within a period of four years from the date of the order sought to be amended.<sup>39</sup>

**6. Powers of the Valuation Officer under the Wealth Tax Act, 1957 :** Sections 37 and 38A of the Wealth Tax Act, 1957 enumerate the powers available to the Valuation Officer under the Wealth Tax Act, 1957.

**7. Statutory reference under section 15(6) of the Gift Tax Act, 1958 to the Valuation Officer**

**7.1** The Assessing Officer can make a reference under section 15(6) of the Gift-tax Act, 1958 to the Valuation Officer for valuation of an asset if certain statutory conditions are fulfilled. The valuation made by the latter, on a reference under section 15(6), is legally binding on the Assessing Officer. The Assessing Officer is required to complete the assessment in conformity with the estimate of the Valuation Officer. Where any such reference is made, certain provisions of the Wealth tax Act, 1957 relating to the powers of the Valuation Officer would apply mutatis mutandis in relation to such reference as they would to a reference under section 16A(1) of the Wealth Tax Act, 1957. Significantly, the Assessing Officer may refer the valuation of any property to the Valuation Officer where u/s 6 read with Schedule II of the Gift-tax Act, 1958, the fair market value of any property transferred by way of gifts is to be taken into account in the assessment<sup>40</sup>.

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<sup>38</sup>Board's Instruction No 1537, dated 18/11/1983<sup>39</sup>See section 35 of the Wealth Tax Act, 1957.<sup>40</sup>See section

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15(6) of the Gift Tax Act, 1958 for the other conditions on satisfaction of which a reference for valuation of an asset

**7.2** The points made at para 4.7 supra, in so far as these are relevant to the procedures, etc. under the Gift Tax Act, 1958 should also be kept in view by the concerned authorities.

**7.3** The provisions of the Gift-tax Act, 1958 have ceased to apply in respect of any gift made on or after the 1st October, 1998.

## **8. Statutory reference under section 55A of the Income Tax Act, 1961 to the Valuation Officer**

**8.1** Section 55 A of the Income Tax Act, enables the Assessing Officer to refer the valuation of a capital asset to a Valuation Officer with a view to ascertaining its fair market value for the purposes of Chapter-IV of the Income Tax Act, 1961 (computation of income from capital gains), if the conditions mentioned in clause (a) or clause (b) of this section are fulfilled. The valuation made by the Valuation Officer under section 55A is legally binding on the Assessing Officer. Where any such reference is made, certain provisions of the Wealth tax Act, 1957 relating to the powers of the Valuation Officer would apply mutatis mutandis to such references as though they were references u/s 16A(1) of the Wealth Tax Act, 1957.

**8.2** The points made at para 4.7 supra in so far as these are relevant to procedures under the Income Tax Act, 1961, should also be kept in view.

## **9. Reference to the Valuation Officer for making valuations of advisory nature**

**9.1** An income-tax authority can make a reference to a Valuation Officer for making valuation of an advisory nature in a situation not specifically covered by any statutory provision. Some such situations are:-

i. There can be situations where an income-tax authority needs technical advice of a Valuation Officer for estimating the cost of construction of an immovable property or its fair market value, as on the date of the purchase, to check whether the person has made any undisclosed or unexplained investment in its acquisition. The income-tax authorities specified in sub-sections (1) and (1A) of section 131 of the Income Tax Act, 1961 can make a reference for valuation to a Valuation Officer by invoking the powers vested in them u/s 131(1)(d) of the Act.

ii. Where an immovable property is ordered to be sold under rule 52 (1) of Schedule II of the Act, the Tax Recovery Officer is required to make a proclamation of the intended sale. One piece of information that is required to be given in the proclamation of the intended sale relates to reserve price, if any, below which the property may not be sold. The Tax Recovery Officer can seek an advisory valuation report from the Valuation Officer for this purpose.

iii. Technical advice of a Valuation Officer on the value of an immovable property could also be useful to the Tax Recovery Officer in a situation, where he has to decide as to which of the immovable properties of the defaulter should be attached or sold under Schedule II of the Income Tax Act, 1961 so as to recover the amount specified in the certificate. Such technical advice may also be relevant when he has to decide whether the entire attached immovable property or only a part thereof should be ordered to be sold under sub-rule (1) of rule 52 of Schedule-II of the Act, or equally when the defaulter approaches him with a request for

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can be made to the Valuation Officer.<sup>41</sup> *ibid.*<sup>42</sup> Board's Instruction No. 1885 dated 11.07.1991<sup>43</sup> Board's Instruction

granting of time for payment of a demand or its stay and offers an immovable property as security.

**9.2** The following important points relating to references to Valuation Cell for valuation of immovable properties merit a brief mention:-

- i. Before making a reference to the Valuation Officer for a valuation report of advisory nature, the income-tax authority making the reference should record a satisfaction note, stating clearly the reasons for making the reference and the objective sought to be achieved.
- ii. Where the reference has been made by invoking any statutory power (e.g., section 131(1)(d) of the Income Tax Act, 1961), this fact should be clearly mentioned both in the satisfaction note and in the reference-letter to the Valuation Officer.
- iii. The information about the date on which the assessment/proceedings for which the valuation is required will get barred by limitation of time should also be clearly mentioned in the reference-letter to the Valuation Officer.
- iv. The range Joint/Additional Commissioners and Assessing Officers should ensure that all the references are sent to the Valuation Cell well before the limitation dates for the relevant assessments.

**9.3** When the report of the Valuation Officer is not binding, it is necessary that the assessee/affected person is confronted with its contents before it is utilised against him. The Assessing Officer should allow him a reasonable opportunity of being heard in the matter and consider his objections, against the valuation report, in accordance with the law.

**10. Form for reference to the Valuation Officer :** No statutory form has been prescribed for making a reference to a Valuation Officer.

**11. Time limit for submission of valuation report by the Valuation Officer :** No statutory time-limit has been laid down for finalising valuation reports or orders. The Board has, however, issued instructions to the effect that the Chief Engineer (Valuation) should ensure that overall the Valuation Officers should finalise their reports in 120 days in non-wealth tax and 180 days in wealth tax cases from the date of receipt of the reference. If valuation reports are delayed beyond this period, the Chief Engineers should send a pendency list with reasons for delay along with his monthly reports to the Chief Commissioner concerned.<sup>41</sup>

**12. Role of the Valuation Officer in appellate proceedings**

**12.1** If the valuation of any asset is objected to in an appeal to the Commissioner (Appeals) or the Income Tax Appellate Tribunal, the appellate authority concerned :-

- i. in a case where such valuation has been made by a Valuation Officer under section 16A of the Wealth Tax Act, 1957 or section 15(6) of the Gift Tax Act, 1958 or section 55A of the Income Tax Act, 1961, give such Valuation Officer an opportunity of being heard; and
- ii. in any other case, on a request being made in this behalf by the Assessing Officer, give an opportunity of being heard to any Valuation Officer nominated for the purpose by the Assessing Officer

**12.2** The Commissioner (Appeals) may also ask the Valuation Officer to make further inquiries.

**12.3** The following important points pertaining to the role of the Valuation Officers in appellate proceedings and utilisation of their expertise in such proceedings merit a brief mention:-

i. The Board has issued instructions to the effect that Valuation Officers should defend their valuation reports and argue the case on behalf of the department before the appellate authorities. For this purpose, Commissioners should ensure their attendance whenever these cases come up for hearing before an appellate authority.<sup>42</sup> The Assessing Officers should ensure that Valuation Officers are provided with a copy of grounds of appeal and other papers in such cases sufficiently in advance of the date of hearing. This would enable them to prepare themselves and effectively present their view points before the appellate authority.<sup>43</sup>

ii. A copy of the appellate order of a CIT(Appeals)/ITAT involving a question of valuation should invariably be sent to the Valuation Cell. The Chief Engineer should ensure that the Valuation Officer sends his comments on such appellate orders in time to the Assessing Officer so as to enable the latter to incorporate the same in the scrutiny report on these cases. Joint/Additional Commissioners and Assessing Officers must also ensure that in these cases, no scrutiny reports are sent without obtaining the comments of the concerned Valuation Officer.<sup>44</sup>

iii. The Chief Engineer (Valuation) should also periodically prepare a brief of common errors committed by Valuation Officers as noticed from his study of the appellate orders. This should be circulated amongst all Valuation Officers, along with suggestions to avoid recurrence of mistakes.<sup>45</sup>

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21<sup>44</sup>supra. n 17<sup>45</sup> ibid.

## Chapter- 7

### INTERNAL AUDIT

**1.1** Internal Audit was introduced in the department in the year 1954 with a view to providing a second check over the arithmetical accuracy of computation of total income and tax thereon. In 1960, the C&AG introduced audit of revenue receipts. Thus the scope of Internal Audit and Receipt Audit became co-terminus. The objectives of the two Audits are different : effective Internal Audit on the one hand improves quality of assessments; on the other hand it reduces the chances of Revenue Audit objections and subsequent criticism from the PAC that follows.

**1.2** C&AG's Memorandum issued with the concurrence of the Ministry of Finance in 1960 for the guidance of C&AG's Audit parties lays down the following objectives for audit:-

- i. to see that adequate regulations and procedures have been framed by the Revenue department to ensure proper assessment, collection and allocation of direct taxes ;
- ii. to satisfy itself that such regulations and procedures are actually being implemented.
- iii. to ensure the correctness of the sums brought into account in respect of revenues from direct taxes.
- iv. to satisfy itself in general that the departmental procedure sufficiently safeguard against error and fraud, and
- v. that so far as can be judged, the procedure is calculated to give effect to the requirements of the law.

**1.3** To further these objectives, the department set up Internal Audit parties and Special Audit parties to audit assessments and refunds. Norms for audit were prescribed from time to time by the Board. These audit parties mainly assisted the Commissioners and are not autonomous. The Directorate of Inspections (Audit), set up in 1963, since re-designated as Directorate of Income-tax (Audit), mainly co-ordinates and supervises such audit work on behalf of the Board.

**2.1 New scheme of auditing :** After the restructuring of the Income-tax department, the internal audit system evolved from 1954 has been replaced by a new system of internal audit from the financial year 2001-02. The Board's Instruction No. 08/2001 dated 06-12-2001 gives the complete framework of the new internal audit system. The new system envisages involvement of all the range Addl./Joint Commissioners of Income Tax and Assessing Officers in audit work. Thus, as against about 200 officers and 300 staff members taking care of the audit work earlier, now there will be 6000 Assessing Officers and their Range Addl./Joint Commissioners of Income Tax to take care of the audit functions. The new system is broad based and includes in its scope the audit relating to the work of the TROs and Office Superintendents/Administrative Officers. Since as per the new system, the audit work is to be conducted on "Chain basis", the audit function will be a continuous process. It is envisaged that the audit of the work of one Range will be conducted by the Assessing Officers of another Range within a month of completion of the relevant assessment.

**2.1.2** According to the Instruction No. 8/2001, the organisation of internal audit in the Income-tax department is to be taken care of at various levels as discussed below:-

**2.2 Creation of audit chains in metropolitan charges of Mumbai, Chennai, Delhi and Kolkata :** At present four Commissioners of Income-tax (Audit) are posted in metropolitan charges. The concerned cadre controlling Chief Commissioner of Income-tax in these four metropolitan charges provides manpower to the Commissioner (Audit) similar to that of an administrative Commissioner. The Commissioner (Audit) creates “audit chains” indicating the Commissioner of Income-tax whose range Addl./Joint Commissioner, TROs and Office Superintendents will conduct the audit of various ranges, TROs and Office Superintendents under the charge of another Commissioner. The audit chains are to be set up in such a manner that all the audit work of one Commissioner will be conducted by the Ranges, TROs and Superintendents posted under another Commissioner. The Commissioner (Audit) has to keep a record of audit chains thus created and inform the concerned Chief Commissioners, Commissioners, range Addl./Joint Commissioners, TROs and Superintendents. The range Addl./Joint Commissioners have to in turn create similar chains of Assessing Officers for auditing the work of a particular Assessing Officer (Ward / Circle) of the auditee Range [Example: ITO, Ward-1(1) audits the work of ITO, Ward-2(1) in the chain of Joint Commissioner of Income Tax, Range-1 assigned the audit of Joint Commissioner of Income Tax, Range-2]. The range Addl./Joint Commissioner has to keep record of such chains and send copies to the Commissioner, Addl./Joint Commissioner (Auditee), Assessing Officers concerned and Commissioner (Audit). Commissioner (Audit) consolidates the audit chains created by his office, Commissioner (Admn.) and range Addl./Joint Commissioners and sends copies of the same to the Director of Income Tax (Audit).

**2.3 Audit of central charges in four metropolitan charges of Mumbai, Chennai, Delhi and Kolkata :** The Commissioner of Income Tax (Audit) in the metropolitan charges is entrusted with the task of conducting the internal audit of Commissioners of Income-tax (Central) charges. For this purpose he has to form audit parties headed by Addl. or JCIT/ DCIT / ACIT or ITOs / Inspectors, as the case may be, from the staff strength provided to him. He is required to maintain all prescribed records for audit work and also monitor the settlement of audit objections. He has to send the prescribed monthly reports to Director General of Income Tax (Investigation), who will forward them to Director of Income Tax (Audit) / CBDT.

**2.4 Other Chief Commissioners of Income Tax/Director Generals of Income Tax (Investigation) Charges :** In the non-metropolitan Regions, the Chief Commissioner/ Director General (Investigation) creates audit chains. While doing so he will indicate the specific designation of the Commissioner whose Addl./Joint Commissioners and Assessing Officers will audit the work of another Commissioner's charge in the same station if the particular station has multiple Commissioner's charges. In single Commissioner's charge, chains have to be created from within the ranges under the same Commissioner. The Chief Commissioner/ Director General (Investigation) keeps record of all such chains and sends copies of the same to the cadre controlling Chief Commissioner, Commissioners/Addl./Joint Commissioners and to the Director of Income-tax (Audit). The Commissioners create further chains of Addl./Joint Commissioners who in turn create further chains of Assessing Officers, TROs and Administrative Officers / Superintendents. The Commissioners and Addl./Joint Commissioners have to maintain records of such chains, and send copies of the same to the Chief Commissioner/ Director General (Investigation), concerned Commissioners, Addl./Joint Commissioners, Assessing Officers,

TROs and Superintendents. Chief Commissioner/ Director General (Investigation) has to consolidate the records of the chains created by him, the administrative Commissioners and the range Addl./Joint Commissioners and send copies of such records to the Director (Audit).

### **3. Role and Functions of various Authorities**

**3.1 Role of Chief Commissioner of Income Tax/Director General of Income Tax (Investigation) :** Each Chief Commissioner/Director General (Investigation) has to create a small unit in his office from the sanctioned strength provided to him to ensure smooth functioning of both the Internal and Receipt Audit work. Such unit has to be under the control of a DCIT/ACIT, if required, as an additional charge. The Chief Commissioner/Director General (Investigation)'s office is responsible for obtaining the statistical reports from the administrative Commissioner or the Commissioner (Audit) concerned in the case of the metropolitan charges. After consolidating the same he has to forward these records to Director (Audit)/CBDT. In non-metropolitan charges they have to establish the audit chain and monitor the audit work of administrative Commissioners.

**3.2 Role of Administrative Commissioner of Income Tax:** Each administrative Commissioner has to create a small unit in his office from the sanctioned strength provided to him to ensure smooth functioning of both the Internal and Receipt Audit work. Such unit has to be under the control of a DCIT / ACIT, if required, as an additional charge. The administrative Commissioner is responsible for audit work of his jurisdiction and the conduct of audit of the ranges assigned to his Addl./Joint Commissioners. He should monitor the smooth functioning of the audit chains, maintenance of proper records and settlement of objections. He should maintain ledger cards in respect of his officers for all major internal audit objections relating to his charge. He has to consolidate and send monthly reports in respect of the audit work in his charge to his Chief Commissioner. He has also to provide training through audit-manuals, circulars, instructions and gists of common mistakes committed by the Assessing Officers, pointed out by C&AG in their annual audit reports submitted to the Parliament. He also has to bring to the notice of the Board any important points of law which come to his notice through the performance of his audit functions. Final acceptance / non acceptance of an audit objection with tax effect exceeding Rs. 50,000/- has to be decided by him. He has to ensure quick remedial actions in all such cases. Finally, he has also to comment on the audit performance of his Addl./Joint Commissioners and other functionaries in their annual confidential reports.

**3.3 Role of Range Addl./Joint Commissioner of Income Tax :** From the sanctioned strength of staff and officers provided to him, each Addl./Joint Commissioner has to create a small unit in his office to ensure the efficient performance of both Internal/Receipt Audit function. Such unit has to be under the control of an Administrative Officer / Superintendent, if so required, as an additional charge. The Addl./Joint Commissioner has to perform the twin functions of being the head of both the auditing as well as the auditee ranges. His duties would therefore include:

#### **3.3.1 As head of the auditing range :-**

- i. Creation of the audit chains of Assessing Officers, TROs and Superintendents and keeping record of such chains.
- ii. Maintenance of audit records in prescribed registers and folders.
- iii. Cases with assessed total income / loss of Rs. 25 lacs and above or with a refund exceeding Rs. 10 lacs in the four metropolitan charges, cases with assessed total income of Rs. 50 lacs or with a refund exceeding Rs. 20 lacs have to be picked up by the Addl./Joint Commissioner, auditing range from the monthly list of auditable cases received from the Addl./Joint Commissioner of the audited range. He has to provide copies of the audit memo to the concerned Assessing Officer and to the Head of the auditee range.
- iv. He should consolidate the list of audit paras raised by him and / or his officers (major and minor objections separately) and forward this list along with copies of audit memos to the Addl./Joint Commissioner of the auditee range and to the concerned Commissioners, by the 20th of each month.
- v. He should ensure that audit work is undertaken continuously and that auditable cases received in a particular month are actually audited by the end of the next month.

### **3.3.2 As Addl./Joint Commissioner of Income Tax of the auditee range :-**

- i. He has to obtain the list of auditable cases (category wise) from his officers and after consolidation, send the list to the Addl./Joint Commissioner of auditing range by the 10th of each month. He shall keep a monthly folder of such cases.
- ii. He has to ensure that the receipt of audit objections are recorded in the prescribed register on monthly basis.
- iii. He should decide the acceptance or non-acceptance of audit objections with tax effect of Rs.5,000/- or more but upto Rs. 50,000 within a period of 3 months from the receipt of audit objections. He must also ensure quick remedial actions in such cases.
- iv. He will assist the administrative Commissioner in deciding acceptance / non acceptance of audit objections with a tax effect exceeding Rs.50,000/- and in ensuring quick remedial action in such cases.
- v. He will inform the auditing range about acceptance / non acceptance of the audit objections within three months from the date of receipt of such objections.
- vi. He will help the Commissioner in the maintenance of ledger cards.
- vii. He will comment on the audit performance of the Assessing Officers in their annual confidential reports.

### **3.3.3. Residuary functions of Addl. Commissioner of Income Tax / Joint Commissioner of Income Tax :-**

- i. He will examine cases of mistakes of a serious nature from the vigilance point of view and discuss such cases with the Commissioner for appropriate action and review .
- ii. He will take appropriate follow up action on audit objections, including holding discussions with the other Addl. Commissioner of Income Tax / Joint Commissioner and his own Commissioner.
- iii. He will test check the registers maintained in Income-tax offices for recording audit objections and their disposal. This is to double check that records reflect a true picture.

### **3.4 Role of Assessing Officers**

### **3.4.1. (a) Auditing functions :-**

- i. He will keep a record of auditable cases received each month from the auditee Assessing Officer.
- ii. He will inform the auditee Assessing Officer about his audit programme at least a week before commencement of the audit so that the latter keeps the records ready.
- iii. He will provide audit memo to the concerned Assessing Officer and send a copy of the same in duplicate to his Addl. Commissioner/Joint Commissioner for onward transmission to the Addl. Commissioner / Joint Commissioner of the, auditee range.
- iv. Keep a record of audit objections raised in the prescribed register.

Instruction No.485 sums up the above functions :

“They (the Assessing Officers in this context) would also guide and exercise control over IAP’s. They would provide technical expertise for IAP’s in the handling of difficult and very important cases, exercise supervision over the IAP’s work generally, ensure that they take up audit with requisite care and thoroughness, achieve qualitative standards and quantitative outputs expected, maintain proper records of cases audited and objections raised, and watch follow-up action on the processing of objections so that remedial action is taken by or through the assessing ITO without undue delay, the resultant demand / refund gets cleared and the officers / officials responsible for the mistakes are sounded, alerted or proceeded against as the case may be. The ITO(IA) would also see that general review of remedies are considered by appropriate authorities where the mistakes detected have wider ramification, also that timely, accurate and adequate reports pertaining to internal audit are sent to higher authorities as may be required.”

The Assessing Officer takes over the role of the erstwhile ITO(Internal Audit) in the present system.

### **3.4.2 Auditee functions :-**

- i. He will prepare a list of auditable cases by the 7th of each month and send a copy to the auditing Assessing Officer and also to his Addl./ Joint Commissioner.
- ii. He will forward the auditable records to the auditing Assessing Officer and extend all cooperation to the auditing party.
- iii. He will keep a record of audit objections received by him in the prescribed register.
- iv. He will help the range Addl./ Joint Commissioner in the maintenance of the audit records pertaining to his jurisdiction.
- v. He will decide the acceptance / non-acceptance of audit objections with a tax effect of upto Rs.5,000/-. For audit objections with a tax effect of Rs.5,000/- to Rs.50,000/-, he will obtain the approval of the Addl./ Joint Commissioner of Income-tax and for audit objections with a tax effect exceeding Rs.50,000/- he will obtain the approval of the administrative Commissioner concerned to decide whether the objection should be accepted or not.

vi. He will initiate most appropriate remedial action if the objection is found to be acceptable, and ensure that the remedial action is completed within three months from the date of receipt.

vii. He will maintain audit registers IAR-1A and IAR-2A for watching and controlling audit functions as Auditing Officer and as Auditee Officer respectively (specimen proforma of registers are enclosed).

#### 4. List of auditable cases

The auditable cases are categorised as under keeping in view their relative importance:

##### 4.1 Immediate cases (Target for audit : 100%)

- i. All search and seizure cases.
- ii. All cases of foreign companies.
- iii. All scrutiny assessments under the Income-tax Act.
- iv. Refund cases where refunds exceed Rs.10 lacs each.
- v. TDS cases exceeding TDS of Rs.50 lacs each.
- vi. All summary assessments with assessed total income / loss exceeding Rs.10 lacs.
- vii. All scrutiny assessments under other direct tax acts.

##### 4.2 Priority cases (Target for audit 50%)

- i. TDS Cases with TDS of Rs.10 lacs to Rs.50 lacs in each case.
- ii. Refund cases exceeding Rs.5 lacs but below Rs.10 lacs in each case.

##### 4.3 Residual cases

- i. (i) Non-scrutiny company / non-company assessments with income / loss upto Rs.10 lacs in each case.
- ii. (ii) Refund cases upto Rs.5 lacs in each case.
- iii. (iii) TDS cases upto Rs.10 lacs in each case.

#### 5. Norms for checking of cases

5.1 Considering the fact that larger manpower is available for audit work, the percentage of cases to be audited is fixed as under :-

Cate-gory	Description	Target for scrutiny assessments	Target for non-scrutiny assessments
A	Company assessment with income/loss below Rs.50,000 and non-company assessment with income/loss below Rs.2 lacs.	100%	Company : 5% Non-Company : 2%
B	Company assessments with income/loss of Rs.50,000/- and	100%	Company : 25% Non-Company : 10%

	above but below Rs.10 lacs and non-company assessments with income/loss of Rs.2 lacs and above but below Rs.10 lacs.		
C	Company and non-company assessments with income/loss of Rs.10 lacs and above.	100%	100%
D	Search and seizure assessments.	100%	100%
E	Foreign companies	100%	100%
F	Expenditure-tax	100%	20%
G	Wealth Tax cases exceeding Rs.20 lacs.	100%	5%
H	Sur-tax and Interest-tax cases. Old pending cases, etc.	100%	--

## 5.2 Norms for TDS cases :-

The percentage of TDS Returns for audit is fixed as under:-

- |    |                                    |      |
|----|------------------------------------|------|
| a. | TDS upto Rs.10 lacs.               | 10%  |
| b. | TDS from Rs.10 lacs to Rs.50 lacs. | 50%  |
| c. | TDS exceeding Rs.50 lacs           | 100% |

## 5.3 Norms for checking of refund cases :-

The percentage for checking of refund cases is fixed as under:-

- |    |   |   |      |
|----|---|---|------|
| a. | Cases with refund upto Rs.1 lac Salary cases    | : | 2%   |
| b. | Others  | : | 5%   |
| c. | Refunds exceeding Rs.1 lac and upto Rs.5 lacs   | : | 20%  |
| d. | Refunds exceeding Rs.5 lacs and upto Rs.10 lacs | : | 50%  |
| e. | Refunds exceeding Rs.10 lacs                    | : | 100% |

**6.1 Audit by TROs :** The concept of “audit chains” and the process of setting up of audit chains for TRO audit is similar to that for Assessing Officers. The TRO has to audit the records / registers of another TRO and check the accuracy of arrear demands entered in the registers with the arrear demands certified by the Assessing Officer. He also has to check the accuracy of interest charged u/s 220(2) of the Act.

## 7. Audit by Administrative Officers / Superintendents :

**7.1** The Administrative Officers / Superintendents have to audit the records, registers, arrear reconciliation statements, arrear carry-forward registers, all periodical statements and the statistical data pertaining to other Administrative Officers / Superintendents. They have to check whether all records / registers / statements are properly maintained and whether the entries in the registers are accurately, authentically and properly made.

## **8. Stage of treatment of objections as settled :**

**8.1** For auditing Addl./Joint Commissioner the internal audit objections have to be treated as settled as soon as he receives intimations of acceptance/non-acceptance from his counterpart in the auditee range. However, the audit objections have to be treated as settled by the auditee range only when remedial action is completed and additional demand is raised.

## **9. Records / registers to be maintained**

### **9.1 Internal audit**

**9.1.1** The Addl./Joint Commissioner of Income Tax, auditing range, has to maintain records of auditable cases received from the auditee range in the prescribed internal audit register-I (IAR-1).

**9.1.2** The Addl./Joint Commissioner of Income Tax, auditee range, has to maintain a folder of monthly auditable cases received from his Assessing Officers and forward it to the Addl./Joint Commissioner of Income Tax, auditing range. The Addl./Joint Commissioner of Income Tax auditee range has to maintain the internal audit register-2 (IAR-2) for recording the audit objections received from the auditing range and for controlling the actions taken on various objections.

**9.1.3** The Assessing Officers have to properly maintain the prescribed audit registers IAR-1A and IAR-2A for keeping record of audit objections raised by them as well as for those received by them. They also record the follow up actions taken by them, in this register.

The formats for preparing the lists of auditable cases relating to different categories in the form of internal audit statements are prescribed as IAS-1A, IAS-1B and IAS-1C. The Addl./ Joint Commissioner of Income Tax, auditee range, has to consolidate the statements received from the circles and wards in the similar proforma and forward the same to the auditing range month-after-month after retaining a copy for his own record. Each range Addl./ Joint Commissioner has to send a monthly statement to his Commissioner by way of the prescribed internal audit monthly statement (or IAMS).

**Annexure-1**

**INTERNAL AUDIT REGISTER (IAR)-1**

**FOR ADDL./JCIT(AUDITING RANGE)**

Auditing Range  
Auditee Range

**REGISTER OF AUDITED CASES**

Sl. No.	Name of assessee	PAN	Ward/ Circle	Asst. Year	Date of Assessment/ Rectification /appeal effect/ revision	Total income/loss	Date of audit	Tax effect	Date of dispatch of audit objection memo	Date of acceptance/ Non-acceptance/ remedial action taken

Note : To be maintained by the JCIT Auditing Range (to be prepared on the basis of list of auditable cases received from the Auditee Range and also on the basis of audit conducted by the Auditing Range)

The number of cases to be entered in this register should be on the basis of percentage fixed for audit relating to different categories of auditable cases which the JCIT(Auditing) range will randomly select from the list of auditable cases received from the Auditee Range. The list of auditable cases received will be kept in month wise folders.

It will be preferable if the entries are made in a chronological order of Circles and Wards.

**Annexure-II**

**INTERNAL AUDIT REGISTER (IAR)-2**

**(FOR AUDITEE RANGE)**  
**INTERNAL AUDIT OBJECTION REGISTER**  
**(MAJOR/MINOR OBJECTIONS)**

JCIT RANGE (Auditee)

CIT Charge

JCIT RANGE (Auditing)

**FINANCIAL YEAR IN WHICH OBJECTION WAS RAISED**

S.No. in register of JCIT (Audi- ting)	Name of assessee	IT Circle/ Ward	Date of Objec- tion	Asst. Year/ Date of Asst.	Gist of Objec- tion	Accepte d or not accepted	Tax effect as per audit objec- tion	Last date for action u/s.263 / 147 / 154 etc.	Date of rectifica- tion /Re- Assess- ment etc.	Actual tax effect (Rs.)	D&CR entry No.	Date of collec- tion

**Annexure-III**

**INTERNAL AUDIT REGISTER (IAR)-1A**

Auditing Range  
Auditee Range

(FOR AUDITING OFFICER) \_\_\_\_\_ Auditing Officer  
**REGISTER OF AUDITED CASES**

Auditee Officer

**FINANCIAL YEAR IN WHICH OBJECTION WAS RAISED**

Sl.No.	Name of assessee	PAN	Ward/ Circle	Asst. Year	Gist of the Audit objection	Total income/ loss	Date of audit	Tax effect	Date of dispatch of audit objection memo	Date of acceptance/ Non-acceptance/ remedial action taken

Note : To be maintained by the Auditing Officer (to be prepared on the basis of list of auditable cases received from the Auditee AO).  
The number of cases to be entered in this register should be on the basis of cases selected by JCIT Range (Auditing) out of the list of auditable cases received from JCIT (Auditee) Range.

**Annexure-IV**

**INTERNAL AUDIT REGISTER (IAR)-2A**

Auditing Range  
Auditee Range

Auditing Officer

(FOR AUDITEE OFFICER) \_\_\_\_\_ Auditee Officer

**INTERNAL AUDIT OBJECTION RECEIPT REGISTER**

**(MAJOR/MINOR OBJECTIONS)**

**FINANCIAL YEAR IN WHICH OBJECTION WAS RAISED**

S.No. S.No. in register of JCIT (Audi- ting)	Name of assessee	IT Circle/ Ward	Date of Objec- tion	Asst. Year/ Date of Asst.	Gist of Objec- tion	Accepte d or not accepted	Tax effect as per audit objec- tion	Last date for action u/s.263 / 147 / 154 etc.	Date of rectifica- tion /Re- Assess- ment etc.	Actual tax effect (Rs.)	D&CR entry No.	Date of collec- tion

**INTERNAL AUDIT STATEMENT (IAS)-1A**

**FORMAT OF MONTHLY STATEMENT OF “IMMEDIATE CASES” TO BE FURNISHED BY THE  
ASSESSING OFFICER TO THE AUDITING OFFICER AND TO HIS JCIT RANGE(AUDITEE)**

Income Tax Ward/Circle  
JCIT Range(Auditee)  
CIT Charge  
JCIT (Auditing) Range

Statement for the month of  
Name of the A.O.

**PART A : ALL SEARCH AND SEIZURE CASES**

Sl. No.	Name of assessee	PAN	Status	Assessment Year	Date of Assessment/Rectification/ appeal effect/ revision etc.	Total Income/Loss

**PART B : ALL CASES OF FOREIGN COMPANIES**

Sl. No.	Name of assessee	PAN	Status	Assessment Year	Date of Assessment/Rectification/ appeal effect/revision etc.	Total Income/Loss

**PART C : ALL SCRUTINY ASSESSMENTS UNDER THE IT ACT, EXPENDITURE TAX, SUR TAX,  
INTEREST TAX AND WEALTH TAX**

Sl. No.	Name of assessee	PAN	Status	Assessment Year	Date of Assessment/Rectification/ appeal effect/revision etc.	Total Income/Loss

INTERNAL AUDIT STATEMENT (IAS)-1A (page -2)

PART D : REFUND CASES EXCEEDING REFUND OF RS.10 LACS

Sl. No.	Name of assessee	PAN	Status	Assessment Year	Date of Assessment/ Rectification / appeal effect / revision etc.	Total Income/Loss

PART E : TDS CASES OF RS.50 LACS AND ABOVE

Sl. No.	Name of assessee	TAN	Status	Assessment Year	Date of Assessment/ Rectification / appeal effect / revision etc.	Total Income/Loss

PART F : ALL SUMMARY ASSESSMENTS WITH ASSESSED INCOME/LOSS EXCEEDING RS.10 LACS

Sl. No.	Name of assessee	PAN	Status	Assessment Year	Date of Assessment/ Rectification / appeal effect / revision etc.	Total Income/Loss

**Annexure-VI**

**INTERNAL AUDIT STATEMENT (IAS) -1B**

**FORMAT OF MONTHLY STATEMENT OF “PRIORITY CASES” TO BE FURNISHED BY THE ASSESSING OFFICER TO THE AUDITING OFFICER AND TO HIS JCIT RANGE(AUDITEE)**

Income Tax Ward/Circle  
JCIT Range(Auditee)  
CIT Charge  
JCIT (Auditing) Range

Statement for the month of  
Name of the A.O.

**PART A : TDS CASES WITH TDS OF RS.10 LACS TO RS. 50 LACS**

Sl. No.	Name of assessee	TAN	Status	Assessment Year	Date of Assessment/ Rectification / appeal effect / revision etc.	Total Income/Loss

**PART B : REFUND CASES EXCEEDING RS.5 LACS BUT BELOW RS.10 LACS**

Sl. No.	Name of assessee	PAN	Status	Assessment Year	Date of Assessment/ Rectification / appeal effect / revision etc.	Total Income/Loss

**Annexure-VII**

INTERNAL AUDIT STATEMENT (IAS) -1C

FORMAT OF MONTHLY STATEMENT OF “RESIDUAL CASES” TO BE FURNISHED BY THE  
ASSESSING OFFICER TO THE AUDITING OFFICER AND TO HIS JCIT RANGE(AUDITEE)

Income Tax Ward/Circle  
JCIT Range(Auditee)  
CIT Charge  
JCIT (Auditing) Range

Statement for the month of  
Name of the A.O.

PART A : NON SCRUTINY COMPANY AND NON-COMPANY ASSESSMENTS WITH INCOME /  
LOSS BELOW RS.10 LACS

Sl. No.	Name of assessee	PAN	Status	Assessment Year	Date of Assessment/Rectification/appeal effect/revision etc.	Total Income/Loss

PART B : REFUND CASES UPTO RS.5 LACS

Sl. No.	Name of assessee	PAN	Status	Assessment Year	Date of Assessment/Rectification/appeal effect/revision etc.	Total Income/Loss

PART C : TDS CASES UPTO RS. 10 LACS

Sl. No.	Name of assessee	TAN	Status	Assessment Year	Date of Assessment/Rectification/appeal effect/revision etc.	Total Income/Loss

## Chapter- 8

### REVENUE AUDIT

**1.1** Article 149 of the Constitution and the C&AG (Duties, Powers and Conditions of Service Act, 1971), empowers the C&AG of India to audit receipts from various direct taxes. The Public Accounts Committee lays his report before Parliament. The main object of such an audit is to satisfy itself that the Income-tax department has provided sufficient checks against errors and fraud and that the procedures prescribed give effect to the requirements of law. Receipt Audit constitutes an effective check for ensuring proper assessment, collection and allocation of taxes. Besides scrutinising individual cases, it also scrutinises whether procedures have been adequately provided to secure:-

- i. collection and utilisation of data necessary for the computation of demand or refunds under the law;
- ii. prompt raising of demands on taxpayers in the manner required by law;
- iii. regular accounting of demands, collections and refunds;
- iv. correct accounting and allocation of collections and their credit to the Consolidated Fund;
- v. proper safeguards against willful omission or negligence in the levy or collection of taxes or issue of refunds;
- vi. due diligence in the pursuit of claims on taxpayers and their abandonment, reduction or waiver is with adequate justification and proper authority; and
- vii. prompt reporting and subsequent investigation of cases of double, fraudulent or forged refunds or other cases of loss of revenue.

**1.2** Receipt Audit would also cover:

- i. Examination of the Board's general circulars, instructions, notifications and orders in specific cases so as to check whether these are in accordance with law and have been issued under proper authority.
- ii. Checking of the CIT's orders under sections 263, 264 and 273 and orders under the corresponding provisions of the other direct tax laws so as to identify cases involving any deviation from law.
- iii. Checking the penalty orders passed by the JCITs/Addl.CITs and other instructions issued by them to the A.O.s so as to ensure that they are in conformity with the provisions of law and the instructions of the Board.
- iv. Checking the orders of the CITs (Appeals) so as to ensure that they are not against the plain meaning of law or against the procedure that has been laid down.
- v. With reference to assessment work, seeing whether -
  - b. the assessment made is in accordance with the provisions of the relevant Act and the Rules;
  - c. the block assessments are correctly made. The revenue audit parties (RAPs) are entitled to have access to the seized material as also the appraisal reports while checking block assessments;
  - d. the procedure laid down by the CBDT/the CCIT has been followed; and

e. the instructions or orders issued by the higher authorities have been complied with. It may be noted that Receipt Audit will not call into question the exercise of discretionary powers vested with various authorities under the statute, but it is competent to see whether the departmental interpretation of law and facts is not contrary to any decision of the jurisdictional High Court or that of the Supreme Court.

vi. Scrutinising orders of reassessment, rectification, penalty, refunds and relief u/s 89 of the I.T.Act, and also giving orders giving effect to appellate orders.

vii. Checking whether recovery has been credited under the proper head of account. Audit may also point out cases of undue delay in recovery to pinpoint faults in the procedure.

viii. Test checking entries in the registers of the Assessing Officer with a view to seeing that no irregularities occur in assessment, collection and adjustment of taxes due to improper maintenance of the prescribed registers and that the statistical reports of the department truly reflect the figures shown in the registers.

ix. Examining the cases checked by the Internal Audit to verify its effectiveness.

x. Point out cases of over-assessment.

xi. Specially checking the classification of revenue receipts and refunds under various heads of account.

xii. Scrutinising orders of write off to see if they are passed by the competent authority after following the prescribed procedure, rules and statutory provisions.

xiii. Checking whether arrears have been correctly carried forward.

**1.3** Consistent with their objectives, RAPs are free to enlarge the area of scrutiny even beyond the points listed above and to report uncommon issues to the C&AG. The mistakes/irregularities pointed out by the RAPs in individual cases of assessment, etc., find place in the local audit reports(LARs) pertaining to the ward/circle. Some of the more serious mistakes / irregularities might be converted into Draft Paras, which eventually might be incorporated as Audit Paras in the C&AG Report placed before Parliament and examined by its Public Accounts Committee. Likewise, the C&AG orders 'Systems Reviews' by selecting a special area or areas for audit each year. While conducting 'Systems Review' on a subject, the RAPs would follow the same procedure as in the case of regular audit but instead of issuing a LAR, the mistakes / irregularities, are aggregated and are incorporated in the 'Systems Review' on the subject. The manner of replies as also the importance that has to be assigned to the mistakes/irregularities pointed out either in the course of a regular audit or 'Systems Review' is from the department's point of view generally the same. Monthly and quarterly reports on important irregularities are sent by Receipt Audit to Director (Audit). The latter, in turn, circulates them to the field formations for necessary action.

## **2. Organisational arrangement**

In order to obviate adverse criticism of the department by the C&AG and the PAC, the Assessing Officers and their supervisory authorities have to ensure that the assessments made are error-free and that there are sufficient safeguards provided against any leakage of the revenue. Internal Audit has to complete the audit of the wards/circles before the RAP commences auditing them. Internal Audit chains have the onerous responsibility of ensuring that mistakes are detected early and that final orders are error-free. Wherever mistakes are pointed out, the department has to ensure that remedial action is taken and the lost revenue is retrieved promptly.

## **2.1 Role of the Assessing Officer**

i. Presently, Receipt Audit is required to intimate its programme of audit to the concerned Assessing Officer at least one month in advance. The Assessing Officer has to ensure that the internal audit of the circle/ward is concluded before the commencement of Revenue Audit. If for any reason, internal audit has not been completed prior to receiving the intimation of the programme of audit from the Receipt Audit, the notice period of one month has to be utilised for completion of internal audit. The Receipt Audit has also agreed that it will not send its audit parties to the field offices in the month of March. It will audit only salary and refund circles in February. The Assessing Officers and the internal audit chains also have to watch the recovery of demand raised/refunds ordered as a result of the objections raised by Receipt Audit in the preceding audits. This is important especially since the objections are treated as settled by the department only on completion of remedial action, raising of demand or ordering of refund and quoting DCR No. in the reply furnished to Receipt Audit.

ii. The assessment records requisitioned by the Receipt Audit parties should be supplied promptly. Reasons for not supplying any records should be stated in writing. The records given should bear a rubber stamp on the top of the misc. cover: "Issued to the Receipt Audit on....."

iii. Wherever the Receipt Audit Party notices a mistake, it issues a 'Half-margin Note'; to the Assessing Officer. This contains the details of the mistake. The Assessing Officer should attend to the mistake at this stage itself, and, in any case, before the Receipt Audit Party winds up audit of the circle/ward. The need to furnish a complete reply, unless the issue raised is complicated and calls for extensive study, is obvious, since the file is available before the Assessing Officer, the facts are fresh and the Officer in-charge of the RAP is available for an effective discussion. This is especially relevant in regard to the objections raised by the Receipt Audit Party which are factually incorrect. Attending to the 'Half-margin Notes' in this manner would obviate the chances of an unacceptable objection being incorporated in the Local Audit Report (LAR). The Receipt Audit Party issues this after the audit is concluded. This procedure would ensure that the LAR contains a minimum number of objections. It also has the advantage of ensuring that the time of the department is not wasted in attending to unacceptable objections at various levels. Towards the achievement of his objective, the Assessing Officer should also set aside sufficient time for discussion at the end of audit, with the officer-in-charge of the Receipt Audit Party.

iv. Whenever Receipt Audit points out a mistake which has already been detected by the Internal Audit or by the A.O. himself, the RAP should be appraised of this fact in reply to the Half Margin Note. This will ensure that the RAP would not include the mistake as an objection in the LAR. Further, all the important objections involving mistakes likely to have been committed in other cases /other A.O.s or are repetitive in nature should be promptly brought to the notice of the higher authorities so that corrective remedial action is taken in all the cases without loss of time.

The Assessing Officers will also be responsible for -

- b. keeping a proper record of Receipt Audit objections;
- c. initiation and completion of remedial action against the mistakes promptly within the prescribed time limits; and
- d. maintenance of proper records and registers to ensure accurate and timely submission of the prescribed statistical reports.

## **2.2 The Joint/Addl. Commissioners of Income tax are responsible for :-**

- i. settlement of Receipt Audit objections;
- ii. maintenance of registers pertaining to receipt audit and timely disposal of receipt audit objections;
- iii. ensuring that compliance reports are sent in all cases, where Receipt Audit objections have been settled after taking appropriate remedial action ;
- iv. discussions with the Audit Officers of the rank of the Senior DAG regarding major disputes relating to objections raised by Receipt Audit; and
- v. assisting the CIT in matters relating to Receipt Audit.

**2.3 The Commissioners of Income Tax (Audit) and Commissioners of Income Tax (Administration) :** In the restructured department, the CIT(Audit) is designated as the nodal officer for coordination with Revenue audit in the metropolitan charges of Mumbai, Chennai, Delhi and Kolkata. In non-metropolitan charges, the administrative CIT performs this function in respect of his charge. Instruction No.08/2001 dated 6-12-2001 details the primary responsibility of the nodal officer by way of coordination and planning of work; maintenance of the record of receipt audit objections; ensuring prompt remedial action; maintenance of ledger cards and furnishing of reports to the CCIT and the CBDT/ DIT (Audit) on the Draft Paras and the Action Plan. Some of these responsibilities are specifically detailed below:-

- i. sending proforma reports on the Draft Paras (Parts A and B) to the CBDT and to the DIT(Audit) within the specified due dates and after personally verifying the correctness and completeness of the data contained in the reports;
- ii. maintaining liaison with the Accountant General;
- iii. holding discussions on important questions of law and facts arising out of the Receipt Audit objections with CCIT/DGIT, DIT(Audit), CBDT, etc.;
- iv. monitoring and supervising the work of the range JCITs/Addl.CITs in such a manner that the objections are attended to promptly within the prescribed time limits and that replies are furnished expeditiously to Receipt Audit and to the CBDT/DIT(Audit) with regard to the queries raised by them ;
- v. examining the cases of mistakes of a serious nature from the vigilance angle, maintaining a record of the same and informing the CCIT/DGIT for review and appropriate action;
- vi. identifying mistakes of general and/or repetitive nature, devising ways and means of taking immediate remedial action and ensuring that they do not recur by issuing appropriate circulars etc.;
- vii. test checking the registers maintained in field offices to ensure that they are properly kept and that the statistical reports furnished are correct and complete;
- viii. over-all supervision, collation and maintenance of statistical data for:
  - b. submission of reports and information to the PAC and the C&AG;
  - c. planning performance targets;
  - d. sending monthly MIS Report to the CCIT/DGIT;
  - e. transmitting quarterly reports and statements to the DIT(Audit) through the CCIT/DGIT;
- ix. DI(A)'s Circular No.58 dated 16.10.78 lays down that every quarter :-
  - b. the CIT should take stock of audit objections pending with each range and devise ways and means of expediting their settlement ;

- c. he should also call for the list of cases from the JCIT/Addl.CIT where tax calculations have not been checked by the A.O.s and the Supervisory staff.
- x. maintaining ledger cards, in the prescribed form, for each Assessing Officer recording therein mistakes accepted by the department involving a tax-effect of more than of Rs.1 lakh in income tax cases and Rs.20000 in respect of other taxes. The ledger cards have to be maintained for both the Internal and Receipt Audit objections and should contain details of both the Assessing Officer and the Auditing Officer who failed to detect the mistakes pointed out by the RAP. (Refer DI(Audit)'s instruction in F.No.Audit-56/1999-2000/ DIT, dated 7-12-2000) .
- xi bringing to the notice of the CBDT all objections involving important points of law to enable consideration and formulation of the department's view at the highest level. DI(IT)'s Circular No.107 dated 23.5.80 has laid down that in cases where initiating of remedial action itself is getting barred by limitation before a reference is made to the Board or before its decision is received, it is necessary to initiate such action without awaiting the Board's decision. The A.O.s are required to refer such cases to the Board expeditiously, much before the remedial action gets time-barred.
- xii. ensuring that full and accurate data is compiled in respect of the draft audit paras.
- xiii. in cases where the Receipt Audit objections are accepted by the CIT/Board but the CIT(Appeals) takes a contrary view on the issue, considering filing a second appeal to the Tribunal.

**2.4 Role of Director of Income Tax(Audit) :** With a view to expediting settlement of the Receipt Audit objections, DIT(A) is required to bring to the notice of the Board all those irregularities which are not settled within four months. Further, for each audit para finally included in the C&AG's report, the DIT(A) has to ensure that a correct and complete book and brief is prepared for Board much before the PAC meeting.

### **3. Assistance to Receipt Audit**

**3.1** For proper conduct of audit by the Receipt Audit Parties, all relevant records and registers should be made available to them in time. Besides them, the Sr.DAG/DAG are also entitled to requisition files.

**3.2** The register for cases requisitioned by the Receipt Audit should contain the following details:

- a. Cases requisitioned for test-check by RAPs.
- b. Files actually made available to Receipt Audit for checking.
- c. Particulars of Major Objections, i.e., the name of the assessee and the assessment year, raised at the half margin stage
- d. Similar particulars relating to minor objections raised at the half margin stage.

**3.3** A rubber stamp ought to be affixed on the outer cover of the relevant files supplied to Receipt Audit Party indicating "Issued to Receipt Audit on.....".

**3.4** In a foot note below the order of assessment, the Assessing Officer should record a gist of the objection raised in the audit memo and his own comments on the validity of the objection.

**3.5** A reply to an audit memo should be issued within 3 days of its receipt, retaining the original memo or a copy thereof on the permanent record.

**3.6** For proper maintenance of such registers, the JCITs/Addl.CITs are required to obtain quarterly statements from the Assessing Officers (Please refer to Annexure-II for the proforma). Failure on the part of an Assessing Officer to maintain these registers or their incorrect or incomplete maintenance should be brought to the notice of the CIT.

#### **4. Procedure of handling audit objections**

Upon detection of a mistake, the RAP issues audit memos (half-margin notes) for each mistake. The Assessing Officer is required to furnish replies to each memo to the Receipt Audit Party within three days, clarifying facts and figures. At this stage, the Assessing Officer should avail this opportunity to furnish a complete reply rather than routinely replying that the objection would be looked into. On the last day of audit, the Accounts Officer in-charge of RAP will discuss the draft local audit report, that is, the half margin memos and the replies thereto, with the Assessing Officer. The mistakes indicated in the half margin memos are dropped if the RAP is convinced that the premise on which the mistake was pointed out was incorrect. The mistakes that are not dropped at this stage are treated as objections and are included in the LAR. The discussion with the RAP before the audit is wound up would prove fruitful in thrashing out contentious issues. It is, therefore, essential that the Assessing Officer should familiarise himself with the facts of each case and ensure that the objections that are incorrect and unacceptable are not incorporated in the LAR. Failure on the part of the Assessing Officer to avail this opportunity might lead to avoidable involvement of other authorities at higher levels, including the Board, thus resulting in unproductive use of the scanty resources of the department.

**4.1** Half-margin notes, which are not dropped by the Receipt Audit Party, are edited by the Sr.DAG. After editing, a copy each of the report, called as the Local Audit Report (LAR) is sent to the Assessing Officer, the range JCIT/Addl.CIT, JCIT/Addl.CIT (Audit) O/o CCIT and the CIT.

The LAR Comprises three parts:

##### Part-I:-

This gives introductory information like the names of the officers who held the charge of the circle/ward and the objections outstanding and carried from the earlier LARs.

Part II : This part has two sections

**a.** Section A contains major irregularities, otherwise known as the major revenue audit objections, involving tax effect of Rs.50000 and above relating to the cases under the IT Act, and Rs.10,000 and above in relation to the other direct taxes cases.

**b.** Section B contains details of the objections involving tax effect of at least Rs. 2500 but below the monetary limits applicable to the major objections. These are known as the minor revenue audit objections.

##### Part III :-

This contains other irregularities and objections involving tax effect below Rs.2500.

Regarding Part III of LAR, there is no need for the Assessing Officer to send a separate report. Nevertheless the Assessing Officer has to take remedial action within three months against these objections as well. The AG reviews the progress in this regard through the RAP in the following audit cycle.

**4.2** The AG selects some important objections in Part IIA (Section A of Part II) of the LAR as potential cases for inclusion as draft paras in the report of the C&AG. The AG refers such cases, known as proposed draft para (PDP) cases, to the CIT for verification of facts. The AG issues this reference terming it as ‘Statement of Facts’ (S.F.) to the CIT. This reference has to be replied to within a period of four weeks. This affords yet another opportunity for the department to ensure that incorrect and unacceptable objections are not converted into draft paras. It is, therefore, necessary that replies to the S.F. are furnished to the A.G. within the stipulated period lest an unacceptable objection is converted into a draft para by sheer default, on account of the failure of the department to furnish a reply in time.

**4.3** In the light of the reply to the S.F., the AG makes his recommendations on the draft audit paras to the C&AG. The C&AG considers such recommendations. He then sends the C&AG’s ‘Select List’ of draft audit paras to Ministry of Finance for their comments. The P&AC Section of the CBDT calls for a report from CITs on these select draft audit paras. The CIT has to furnish the report on the draft para in the proforma report. This comprises two parts- Part A and Part B (Please refer to Annexures XIV and XV of the Chapter for the proformae). The CIT has to send the proforma report to the A&PAC Section of the Board within the time limit specified in the Board’s reference. The proforma reports received from the CITs are processed in the Board and the Ministry’s replies are then sent to the C&AG. After obtaining the Ministry’s (Board’s) comments, the C&AG finalises the audit paras. The paras, unless dropped at this stage, form part of the C&AG’s audit paras. These may eventually find place in the C&AG’s Report for the year. Thereafter the Report of the C&AG is placed before Parliament. The Public Accounts Committee (PAC), examines the Report. The PAC convenes meetings with the Finance Ministry for discussing the findings and the observations contained the C&AG’s Audit Report.

**4.4** The Assessing Officer’s reply to ‘half margin notes’ issued by Receipt Audit should be sent to the party within three days clarifying the facts and figures involved in the objection raised. Half Margin note should be retained in the permanent folder of the assessment record and a note detailing the summary of the objection should be left at the foot of assessment order and also in the register of requisitions.

**4.5** The Assessing Officer should send his report on the objections contained in the LAR (Part IIA &B) to the JCIT/Addl.CIT, in duplicate, within 30 days of its receipt in his office. One copy of this report should also be sent to the CIT. The Joint/Addl.CIT of the Range will forward one copy of the Assessing Officer’s report together with his comments to the Sr.DAG/DAG concerned within a fortnight of its receipt. Objections for which the Department does not have an arguable case should be accepted. In cases where a difference of opinion persists between the Sr.DAG and the department, the JCIT/Addl.CIT should report the facts of the case to the CIT within a fortnight of the receipt of the Sr.DAG’s comments, specifically mentioning, the dates by which the limitation for remedial action expires. After obtaining the CIT’s directions on the reference, the range JCIT/Addl.CIT should send a reply to the Sr.DAG within a fortnight finally informing him whether the objection is acceptable or not. In any case, the time limits should be

adhered to so that the final reply of the department reaches the Sr.DAG/DAG within 8 weeks of the receipt of the LAR by the Assessing Officer. The CIT, in turn, may refer important cases of unacceptable objections to the CBDT. He, however, has to ensure that adequate time is available for taking remedial action, in case the objection is accepted by the department.

**4.6** As soon as an important mistake which is likely to have been committed elsewhere is detected, the Assessing Officer should immediately bring the same to the notice of his higher authorities so that steps are taken at the appropriate time to correct the same and pre-empt the RAP from pointing out the same lapses in other field offices.

**4.7** Remedial action against the major revenue audit objections which appear in Part IIA of the LAR should be completed within 4 months from the date of the receipt of the LAR. Minor objections have to be attended to within three months from the date of receipt of the LAR.

**4.8** The choice of proper remedial action and the procedure to be followed is contained in Instruction No.828 dated 24-2-75. The Board have introduced a system of selective control relating to the settlement of audit objections. According to this, the responsibility for indicating the appropriate remedial action is vested in the CIT in income tax cases involving tax effect of Rs.25000 and more; in other cases (with lower tax effect), the responsibility vests in the JCIT/Addl.CIT of the Range. The corresponding monetary limit under the other tax laws is Rs. 5000 and above for the CIT and below this amount for the JCIT/Addl.CIT. In Instruction No.828 dated 24-2-75, the Board reiterated that even in arguable cases, the Commissioners should ensure that the department's options are kept open so that there is no loss of revenue on account of failure to take timely remedial action, if and when an audit objection is finally accepted. Audit objections raised against the Board's instructions/circulars, should be referred immediately to it. There is always a possibility that the instructions/circulars might be amended. Thus, even in such cases, remedial action should be initiated but concluded only after receipt of the Board's decision. The registers to be maintained in connection with the above instructions of the Board are indicated in Annexures- X, XI and XII at the end of this Chapter.

**4.9** In Instruction No.1928 dated 8-7-95, the Board has laid down further guidelines for taking remedial action.

a. Once remedial action is initiated, it can be dropped with the approval of the CIT if the objection raised is based on facts and these are found to be incorrect.

b. If the issue raised by the Audit pertains to the interpretation of the statute or involves conflicting High Court decisions, remedial action should be dropped with prior approval of the Board. For this purpose, a reference should be made to the A&PAC Section of the Board soon after receipt of 'Statement of Facts', stating cogently the reasons for the proposed dropping of remedial action.

c. Remedial action need not be initiated against an audit objection if the A.O. has acted in conformity with the Board's Instruction/Circular. Such objections, however, should be referred to the Board for examination and decision, clearly indicating the date of expiry of limitation for taking remedial action.

d. The mistakes pointed out may fall outside the purview of the adjustments possible u/s 143(1)(a), nonetheless, these errors may also need to be corrected in the interests of revenue. Similar is the case with regard to deductions under Chapter VIA.

## **5. Settlement of objections**

For statistical purposes, the department treats an objections as settled on completion of remedial action after a final reply has been sent to the Sr.DAG.

The reply to the Sr.DAG against the objections must be self-contained. It should state the para No., part/section and no. of LAR, the name of the assessee and the assessment year (for example Major Revenue Audit Objection in Para... Of Part IIA of LAR No... In the case of M/s... For the Assessment Year...). The body of the reply should contain the following details:-

- i. the objection in brief;
- ii. acceptance or rejection of the objection; and
- iii. reasons for non-acceptance.

If the objection is accepted, the following further details have to be furnished.

- i. date and section under which remedial action has been taken;
- ii. demand raised;
- iii. D&CR No. where demand has been entered; and
- iv. reasons for variation, if there is a variation, between the tax effect indicated in the objection and the tax effect on account of remedial action.

Unless, the replies contain all the aforesaid details, the objections cannot be settled. The Assessing Officers, therefore, should not only take appropriate remedial action but also ensure full and complete reporting of the same so as to enable quick settlement.

**5.1** Objections on procedural lapses raised by the Receipt Audit are not uncommon. Usually, such objections are accepted by the department in principle but the revenue effect pointed out, being merely hypothetical, is not. Such cases include those relating to non-recording of reasons for not initiating penalty proceedings u/s 271(1)(c) of the I.T.Act, 18(1)(c) of the W.T.Act, etc. In terms of Board's letter No.DI(Audit)-9/77/78/DI dt.18-8-77, such objections, which are accepted in principle, but where no remedial action can be initiated and where the revenue effect is hypothetical, can be treated as settled, even if the same have not been withdrawn by the Receipt Audit, once a reply has gone to the Sr.DAG.

**5.2** Treating objections as settled departmentally after the issue of a final reply will not ipso facto constitute settlement of the objection with the AG. It will still have to be pursued with the AG till he also treats the objections as settled and rounds them off in his registers. It would be, therefore, advantageous for the CIT to hold personal discussions with the AG from time to time in order to coordinate and expedite settlement of objections.

## **6. Handling of draft audit paras**

a. The CIT has to send a proforma report (Part A and Part B) to the Board (A&PAC Section) within a month of receipt of the draft para. The time limit of one month for furnishing this has to be rigidly adhered to, so as to enable the Ministry to send their report to the C&AG within the stipulated period of 6 weeks. Simultaneously, a copy should also be endorsed to the Director(Audit).

- b. Even when some part of the information required to be incorporated in the proforma report is not readily available, the report should not be held up. Instead, soon after submission of the report to the A&PAC Section of the CBDT, a correction slip should be sent to the Board, for affixing the same to the report already sent.
- c. The factual data in the report should be correct and complete. It should be personally verified by CIT who would be ultimately responsible for its accuracy and completeness.
- d. The Director(Audit) will send a draft brief-cum-paper book to the Board on each case figuring as an audit para in C&AG's Report.
- e. Information called for by the Board on any draft para/audit paras must be supplied expeditiously.

## **7. Explanation of the officials responsible for mistakes**

The instructions on this subject are contained in Instruction No.854 dated 19-7-75. The CIT will maintain for each Assessing Officer a ledger card for all accepted audit objections with a tax effect exceeding Rs.10,000/- in income tax cases, Rs.20,000 in for other taxes). The CIT will keep this card in view while countersigning the annual report of the officer concerned. The ledger card will move with the transfer of the Assessing Officer to his new charge. (Please refer to Annexure XIV & XV for the proformae).

**7.1** The explanation of the Assessing Officer should be specifically obtained where the Internal/Revenue Audit have pointed out a mistake involving a tax effect of Rs.25,000 or more, provided the lapse arises from :-

- a. Failure to follow departmental instructions; or
- b. Failure to follow binding judicial decisions ; or
- c. gross negligence or / malafide conduct.

**7.2** The explanation of the Assessing Officer should invariably be obtained for failure to take timely and adequate remedial action in respect of audit objections involving a revenue loss of Rs.10,000 or more.

**7.3** There is a distinction between the initial lapse pointed out by Internal/Revenue Audit and the failure further to take timely and adequate remedial action, which may lead to the loss of revenue becoming irretrievable. For instance, where the mistake involves a tax effect of say Rs. 2,000/- and the said mistake is palpable or arose from failure to follow the instructions or binding judicial pronouncements, the CIT may not call for any explanation from the officer concerned. But there can be no justification for not questioning his successor for his subsequent failure to rectify the mistake in time or move the higher authorities for appropriate remedial action to retrieve the lost revenue.

**7.4** For calling for the explanation and for issuing a warning, the following procedure is to be adopted:-

- a. The CIT in whose charge the mistakes have occurred should decide whether the explanation of the officer is to be called for or not.
- b. If the case is one of a draft para, the CIT should give his own views on whether the mistake was bonafide or not while furnishing the proforma report. Mistakes figuring in the draft audit paras with tax effect over Rs. 25,000, however, must always, be obtained and forwarded to

the DIT (Audit) with the comments of the CIT. DIT (IT)'s Circular No. 27 dated 20-4-78 further lays down that wherever an explanation has not been submitted by the Assessing Officers, the CIT should call for the same from the officer, record his explanation and pass the necessary orders immediately.

c. The CIT in whose charge the mistake was committed should decide whether the explanation of the officer is acceptable or not.

d. If it is proposed that a warning should be issued, the final decision to give a warning should be taken by the CIT in whose charge the mistake occurred but he should communicate his decision along with facts of the case to the Commissioner under whose jurisdiction the officer is currently functioning and the latter should administer the warning.

e. Where any disciplinary action is contemplated, all steps for such action will be taken by the Commissioner under whom the officer is working in consultation with the Commissioner in whose charge the mistake occurred.

### **7.5 Non-gazetted officials**

In the case of a non-gazetted official responsible for any mistake detected by Receipt Audit or where Receipt Audit detects a mistake not noticed by the Internal Audit or where the Internal Audit does not check a case that was required to be checked by it before it was seen by Receipt Audit, a serious view should be taken and the explanation of official responsible should be called for. Copies of warning memos, if any, issued to officials after considering their explanation, should be placed in their personal files so as to have a complete record of the mistakes committed by them.

## **8. Receipt Audit - registers, reports and records**

The importance of timely submission of statistical returns has been emphasised time and again. The accuracy of reports and returns has assumed great importance in view of the fact that corresponding statistics are required to be furnished to the PAC from time to time.

### **8.1 Register of requisitions :-**

i. This is maintained by the Assessing Officers. This has the particulars of case records requisitioned by a receipt audit party, the date of supplying such records, reasons for failure to supply records, gist of objections raised in audit memo and also the date when the latter was received and replied to. DIT(IT&A)'s Circular No.39 dated 9-7-78 has prescribed a register in which all requisitions of records received from Receipt Audit are to be entered. An annual report is to be sent to the Directorate in this behalf (Please refer to Annexure I for the proforma). Maintenance of this register has been further stressed in DIT(IT&A)'s Circular No.62 dated 16-11-78 which stipulates that the Internal Audit should verify whether such registers are maintained; if not, the higher authorities should be informed of the same.

### **8.2 Register of audit objections received:-**

Presently there are three types of Registers which are maintained by the Assessing Officer:-

- i. Assessing Officer's Register No.1 - dealing with Receipt Audit (Major) objections. The Register is as in Annexure-III.
- ii. Assessing Officer's Register No.2 - dealing with Receipt Audit (Minor) Objections. The Register is as in Annexure-IV.
- iii. Assessing Officer's Register No.3 - dealing with Receipt Audit Objections settled during the month (Major & Minor). The Register is as in Annexure-V.

### **8.3 Assessing Officer's report on objections in parts I & II of LAR :-**

This is prepared in quadruplicate and sent to the range JCIT/Addl.CIT within 30 days of receipt of the LAR. This report depicts :-

- a. Nature of remedial action taken.
- b. Date of such action.
- c. DCR No. & date of correction entry.
- d. If the addl. demand / refund arising from remedial action differs from the tax effect given in the LAR, reasons for the variation.
- e. Date of recovery of demand or date of issue of refund.
- f. For objections not accepted, reason for non-acceptance.

### **8.4 Assessing Officer's report on LAR - forwarding by range JCIT/Addl.CIT to Sr. DAG:-**

- i. The JC/Addl.CIT will forward one copy of the report mentioned at 8.4 above to Sr. DAG/DAG along with his comments, within a fortnight of its receipt from the AO. The Jt./Addl.CIT will report to the CIT, all such cases in which Revenue Audit does not agree to drop its objections even though they have not been found acceptable. This should be sent within a fortnight of receipt of the Sr.DAG's comments. The Commissioner of Income-tax will offer his comments on the report to the range Jt./Addl.CIT within a fortnight of receipt of the latter's reference. The Range Jt./Addl.CIT, will, in turn, send a final reply to Sr. DAG/DAG with regard to acceptance or rejection of the disputed objections.
- ii. Replies to a audit objections raised in the LAR should reach the Sr.DAG/DAG within 8 weeks of the receipt of the LAR by the Assessing Officer, after completion of remedial action.
- iii. The AO will keep a watch on the disposal of objections from month to month. The CIT has to periodically review the progress of settlement of objections.

**8.5** Proformae of the monthly and quarterly reports in respect of important Revenue Audit irregularities are indicated in Annexures VI and VII. The reports in relation to the objections pending with the Board or the AG, are as indicated proformae at Annexure VIII and IX at the end of this Chapter.

## **9. Review of disposal of audit objections by the DIT(Audit)**

The DIT(Audit) presently undertakes a CIT-wise quarterly review of settlement of major audit objections (internal and revenue audit objections). Settlement of audit objections is also a part of the Action Plan. Pursuant to this, the Assessing Officer is required to send a quarterly

audit report in the prescribed proforma to the CIT through the range Addl./Joint CIT by the 12th of the following quarter. The CIT's report has to reach the CCIT/DGIT by the 17th of the following quarter. The CCIT/DGIT in turn has to send the quarterly audit report to the DIT(Audit) by the 20th of the month following the quarter.

**Annexure-I**

A-14

C.I.T. Charge \_\_\_\_\_

Due Date in DIT (Audit) : 30th of June of the following year  
: Year of Report \_\_\_\_\_

**ANNUAL REPORT ON CASES REQUISITIONED BY RECEIPT AUDIT PARTIES**

- 1 No. of cases requisitioned for test :  
check by Receipt Audit Parties
- 2 No. of files actually made available to :  
the RAPs for checking
- 3 No. of Major Audit Objections raised :  
by RAPs at half-margin stage
- 4 No. of Major Audit Objections raised :  
by RAPs at half-margin stage
- 5 No. of petty objections raised at half :  
margin stage
- 6 No. Of petty objections raised at half :  
margin stage

Note:- \_\_\_\_\_ The above information should be given separately for Income Tax & Corporation Tax, Wealth-tax, Gift-tax and Estate Duty cases.

**Annexure-II**

ITO's WARD/CIRCLE/DIST.

Due date in the Addl.  
CIT/JCIT's Office  
15th of the  
month following  
the quarter

**QUARTERLY REPORT OF CASES REQUISITIONED BY RECEIPT AUDIT PARTIES**

- 1 No. of cases requisitioned for test :  
check by Receipt Audit Parties
- 2 No. of files actually made available to :  
the Receipt Audit parties for checking
- 3 No. of Major Audit Objections raised :  
by IAPs at half-margin stage
- 4 No. of Minor Audit Objections raised :  
by RAPs at half-margin stage
- 5 No. of Petty Objections raised by :  
RAPs at half-margin stage
- 6 Total of 3, 4 & 5 :

Note:- \_\_\_\_\_ The above information should be given separately for Income Tax & Corporation Tax, Wealth-tax, Gift-tax and Estate Duty cases.



**Annexure-III**

**RECEIPT AUDIT REGISTER - 1**  
**REGISTER OF RECEIPT AUDIT OBJECTIONS - MAJOR OBJECTIONS.**

Sl. No.	P.N. No.	Name of assessee ----- IT Circle	LAR No. & date & Para number	Assessment year ----- Date of order under objection	Tax effect as per LAR	Gist of objection *	Accepted or not accepted	Date of issue of instructions by CIT/ Addl./ Joint CIT reg. Appropriate remedial action.	Last date for action u/s 263 / 147 / 154	Date of remedial order.	Tax effect as per remedial order	DCR No.	Date of collection / refund.	Where not accepted date of communication from AG or Board on the basis of which treated as settled.	Whether case seen by I.A.P. If not, the reasons therefor.
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16

\* Note:- In col.7, very brief entries regarding nature of objections may be made as per Annexure-I to DI(IT)'s

Circular No.17 dated 2-3-1978.

**Annexure-IV**

RECEIPT AUDIT REGISTER - 2

REGISTER OF RECEIPT AUDIT - MINOR OBJECTIONS.

Sl.No.	PA No.	Name of assessee ----- IT Circle	LAR No. & Date	Assessment year ----- Date of order under objection	Tax effect as per LAR	Gist of objection *	Accepted or not accepted	Last date for action u/s 263 / 147 /154	Date of remedial order	Tax effect as per rectification order	DCR No.	Date of collection	Where not accepted, date of communication from AG or Board on the basis on which treated as settled.	Remarks
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

\* Note:- In col.7, very brief entries regarding nature of objections may be made as per Annexure-I to DI(IT)'s

Circular No.17 dated 2-3-1978.

**Annexure-V**

**RECEIPT AUDIT REGISTER - 3**

**REGISTER OF RECEIPT AUDIT OBJECTIONS SETTLED DURING THE MONTH - MINOR / MAJOR OBJECTIONS**

Sl. No.	S.No. in Receipt Audit Register No.1/2.	Name of assessee ----- IT Circle	Revenue as per audit objection				Revenue as per AO, if any			
			UA		OA		UA		OA	
			Arrear	Current	Arrear	Current	Arrear	Current	Arrear	Current
1	2	3	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	5(c)	5(d)



**Annexure-VI**

M-16

Due date in DIT (Audit) :- 10th of following month

CIT Charge : \_\_\_\_\_

**RECEIPT AUDIT - IMPORTANT IRREGULARITIES -  
REPORT FOR THE MONTH OF \_\_\_\_\_**

**PART-1  
ARREAR OBJECTIONS**

Year-wise details regarding pendency and settlement of objections reported in the LAR in earlier years

F.Yr. _____		F.Yr. _____		F.Yr. _____		F.Yr. _____	
(A)		(B)		(C)		Total	
No. of paras	Tax involved						
	Rs.(000)		Rs.(000)		Rs.(000)		Rs.(000)
1	2	3	4	5	6	7	8

- 1 No. pending at the beginning of the :  
financial year i.e. on 1st April
- 2 No. added upto the end of the :  
previous month (on account of  
transfers out/in)
- 3 Net additions in the month: :  
(a) Received from other CITs on :  
transfer  
(b) Transferred to other CITs :  
(c) Net additions (a-b) :
- 4 Total [1+2+3(c)] :
- 5 No. settled in the month :
- 6 No. settled upto the end of the :  
previous month

1	2	3	4	5	6	7	8

- 7 Progressive settlement (5+6) :
- 8 Balance pending at the end of the month (4-7) :
- 9 No. out of col.8 pending with A.G. (i.e. Where final replies including replies to rejoinders have been sent) :
- 10 No. out of col.8 pending with the Department (8-9) :
- (a) for first reply :
- (b) for reply to rejoinders :
- (c) for rectification :
- (d) for other reasons :
- 11 No. out of col.10 pending with Board. :
- 12 No. Our of col.9 in which final replies were sent to AG over 3 months back.

Note:-(i) For the purpose of break up, the Audit Objections should be allocated to the year in which the LAR was received by the Addl./Joint CIT concerned from the AG.

(ii) Charge-wise figures of transfer cases included in items 3(a) and 3(b) should be appended to the statement.

(iii) In the vertical column 'A' figures should be given in respect of objections reported in the year preceding the current year; in column 'B', these should be for the earlier preceding year and in column 'C', these should be for all other earlier years.

**PART - II**

**CURRENT OBJECTIONS**

---

	No. of paras	Tax involved Rs. (000)
1. No. added upto the end of the previous month	-	
2. Net addition in the month :		
(a) Received from A.G.	-	-
(b) Received from other Commissioners on transfer	-	-
(c) Transferred to other CITs	-	-
(d) Net addition (a+b-c)	-	-
3. Total [1+2(d)]	-	-
4. No. settled in the month	-	-
5. No. settled upto the end of the previous month	-	
6. Progressive settlement (4+5)	-	-
7. Balance pending at the end of the month (3-6)	-	
8. No. out of col. 7 pending for more than 3 months	-	
9. No. out of col. 8 pending with the AG	-	-
10. No. out of col. 8 pending with the Department (8-9) :		
(a) for first reply	-	-
(b) for reply to rejoinders	-	-
(c) for rectification	-	-
(d) for other reasons	-	-
11. No. out of col. 10 pending with the Board	-	-
12. No. out of col.9 in which final replies were sent to AG over 3 months back	-	

---

Note:- \_\_\_\_\_ Charge-wise figures of transfer cases included in item 2(b) and 23(c) should be appended to the statement

**Annexure-VII**

Q-19

C.I.T. Charge \_\_\_\_\_

Due date in                      15th of the month  
DI(A)                      :                      following the quarter

RECEIPT AUDIT - QUARTERLY PROGRESS REPORT  
FOR THE QUARTER ENDED \_\_\_\_\_

PART-I

Receipt Audit - Minor Objections

		<u>Short charge</u>		<u>Excess charge</u>	
		No. of	Tax involved	No. of	Tax invol-
		Para-	therein	Para-	ved therein
		graphs		graphs	
		1(a)	1(b)	2(a)	2(b)
			Rs. (000)		Rs. (000)
1.	No. of paragraphs pending at the beginning of the financial year	-	-		
		1st April			
2.	No. added during the quarter	-			
3.	No. added upto the end of the quarter	-			
4.	Progressive total at the end of the quarter	-			
5.	No. of paragraphs settled in the quarter	-			
6.	Progressive settlement	-	-	-	-
7.	Percentage of settlement of audit objections in terms of number of paragraphs viz. col. 6(1)(a) + 6(2)(a) to col. No.4 (1)(a) + 4(2)(b)	-	-	-	-
8.	Percentage of disposal in terms of revenue involved viz. Col. 6(1)(b) + 6(2)(b) to Col. No.4 (1)(b) + 4(2)(b)	-	-	-	-
		1(a)	1(b)	2(a)	2(b)
*9.	Balance pending at the end of the month (4-6) -				

10. No. out of 9 pending for over 3 months -
11. No. out of 10 pending with AG. - -
12. No. out of 10 pending with Depott. (10-11) -
- 

\* The year-wise break-up of the figure mentioned at Sl. No.9 should be given as under:

Objections pending out of those received :-

- (i) during 19 - 19 (Current year) :
- (ii) during 19 - 19
- (iii) during 19 - 19
- (iv) during 19 - 19 and earlier year

**PART - II**

**Receipt Audit - Progress in despatch of replies in draft para cases to Board**

S.No.	D.P.No.	Name of the Assessee	Date of Board's letter calling for report	Date of receipt of the Board's letters in CIT Office	Date of sending reply (Peoforma Report) to the Board/Directorate		S.No. Of Columns with reference to the proforma on which reply not furnished	Reasons for sending incomplete information (Col.7)
					<b>Part A</b>	<b>Part B</b>		
1	2	3	4	5	6(a)	6(b)	7	9

PART -III

RECEIPT AUDIT - Progress of issue of instructions (Instruction No.828 dated 29-2-1975 from the C.B.D.T.)

SECTION - (A) - Issue of Instructions by the C.I.T.

No. Pending on 1st April (in which instructions not)	No. Added during the quarter	No. Added upto the quarter end	Total (!+3)	No. Which did not require issue of instructions* (progressive)	Net total which required issue of instruction (4-5)
1	2	3	4	5	6

No. In which instructions issued during the quarter	No. In which instructions issued upto the quarter end	Balance (Instructions yet to issue) ( 6 - 8 )	Out of (9) No. More than month old @
7	8	9	10

- @ Brief reasons for not issuing instructions :
- (i) No. in which AO's reports on factual aspects are awaited
  - (ii) No. in which AO's reports received and are under consideration.
  - (iii) .....
  - (iv) .....

Commissioner of Income Tax

\* This will be applicable where the remedial action is either (i) not possible or (ii) not necessary, the audit objection having been not accepted at appropriate level.

SECTION - (B) - Issue of instructions by the I.A.Cs.

Information in respect of cases where instructions are to be issued by the IACs on the basis of Board's Instruction No.288 dated 24-2-1975 should be given in the above mentioned proforma in this section.

**Annexure-VIII**

CIT Charge \_\_\_\_\_

Due date in                      15th of the month  
DI(A)                      :                      following the quarter

QUARTERLY REPORT OF RECEIPT AUDIT IMPORTANT IRREGULARITIES CASES  
PENDING WITH THE BOARD AT THE CLOST OF THE QUARTER ENDED .....  
(ITEM 11 OF THE MONTHLY STATEMENT OF R.A. IMPORTANT IRREGULARITIES  
FOR THE MONTHS OF JUNE/SEPTEMBER/DECEMBER/ MARCH)

S.No.	Name of the assessee	D.P. No., if any	Asstt. Year	Tax effect	No. & date of letter under which reference made to Board	Board's File No., if known	No. & date of the last communication from Board
1	2	3	4	5	6	7	8

**Annexure-IX**

CIT Charge \_\_\_\_\_

Due date in                      15th of the month  
DI(A)                      :                      following the quarter

HALF YEARLY LIST OF RECEIPT AUDIT OBJECTIONS INVOLVING RS.25,000/- AND ABOVE FOR I.T. AND RS.5,000/- AND ABOVE FOR OTHER TAXES PENDING WITH THE AG EVEN THOUGH DEPARTMENT'S FINAL REPLY WAS SENT OVER ONE YEAR AGO

S.No.	Name of the assessee	I.T. Circle	L.A.R. No.and date	D.P. No. Of C&AG and year of Aduit Report, if any	Gist of objection	No. And date of final reply to AG and by whom sent
1	2	3	4	5	6	7

**Annexure - X**

RECEIPT AUDIT REGISTER - 4

REGISTER TO WATCH COMPLIANCE OF BOARD'S INSTRUCTION NO.828 - INSTRUCTIONS TO BE ISSUED BY CsIT.

Sl.No. In this Register	Name of the assessee.	Assessment Year	Date of receipt of L.A.R.	Dates of limitations for remedial action under various sections	Date of calling for AO's Report	Date of Receipt of AO's Report	Date submitted to CIT	Date of issue of final instructions to AO	Section under which remedial action advised
S.No. In Receipt audit Register No.1	I.T. Circle								
1	2	3	4	5	6	7	8	9	10

\* Date of limitation with reference to the advised remedial action should be entered in the Receipt Audit Important Major Irregularities Register and a watch over the completion of remedial action kept through that Register

**Annexure - XI**

**RECEIPT AUDIT REGISTER -5**

**REGISTER TO WATCH COMPLIANCE OF BOARD'S INSTRUCTION NO.828 - INSTRUCTIONS TO BE ISSUED BY RANGE JCIT/Addl.CIT.**

Sl.No. In this Register	Name of the assessee.	Assessment Year	Date of receipt of L.A.R.	Dates of limitations for remedial action under various sections	Date of reference to Range Addl.CIT/ Joint CIT	Date of issue of final instructions to AO by the Addl.CIT/Joint CIT	Section under which remedial action advised*	Date of communication to CIT by Range Addl./ Joint CIT regarding issue of instructions
S.No. In Receipt Audit Register No.1	I.T. Circle / Addl./Joint CIT Range							
1	2	3	4	5	6	7	8	9

\* Date of limitation with reference to the advised remedial action should be entered in the Receipt Audit Important Major Irregularities Register and a watch over the completion of remedial action kept through that Register

**Annexure - XII**

RECEIPT AUDIT REGISTER - 6

REGISTER REGARDING DRAFT PARAS.

Sl. No.	D.P.No. Of Board	Date of receipt	Date of sending proforma report to Board		Name of the assessee	AO to whom it relates	Assessment Year(s)	Whether accepted or not accepted by CIT	Board's final decision Re : (8)	Last date for remedial action
			Part A	Part B			Tax effect			
1	2	3	4(a)	4(b)	5	6	7	8	9	10

Date of initiation of remedial action	Date of completion of remedial action	Date of collection	Whether explanation of person responsible for mistake called for	Date of receipt of explanation	Date of disposal of explanation	Whether IAP's explanation called for	Date of receipt of IAP's explanation	Date of disposal of IAP's explanation	Date of final report to Directorate
Section under which initiated									
11	12	13	14	15	16	17	18	19	20

**Annexure - XIII**

**MONTHLY REVIEW OF THE DISPOSAL OF MAJOR OBJECTIONS RECEIPT AUDIT.**

**PART : A**

AO	Opening balance on 1st April (Arrear)	Out of Col.(2) settled			Balance pending out of col.(2) (Arrear)	Additions after taking into account transfers, etc., till the end of the month (Current)	Out of col.(5) settled			Balance pending out of col.(5) (Current)
		Till the end of the previous month	During the month (Arrear)	Total			Till the end of the previous month.	During the month (Current)	Total	
1	2	3			4	5		6		7

**PART : B**

**PENDENCY OF THE OBJECTIONS ACCORDING TO THE FINANCIAL YEAR IN WHICH THE OBJECTION WAS RAISED.**

AO	1980-81	1979-80	1978-79	1977-78	1976-77 and earlier	Total
1	2	3	4	5	6	7

- NOTE :- 1. Similar proforma to be used (Part A and Part B) for review of Internal Audit major objections.  
 2. Objections raised in Income-tax as well as under other direct tax Acts must be taken into account in the above statements.

**Annexure - XIV**

**RECORD OF MISTAKES - LEDGER CARD**

(Applicable to Assessing Officers)

1. Name of the Officer :
2. Designation :
3. Range/Circle/Ward :
4. Charge :
5. Region :

Sl.No.	LAR No. & Date	Para No.	Gist of Objection	Tax effect (in lakhs)	Remedial Action taken	A.O's explanation, if called for	Remarks
1	2	3	4	5	6	7	8

**Annexure- XV**

**RECORD OF MISTAKES - LEDGER CARD**

(Applicable to Officers/Officials working in Audit)

1. Name of the Official/Officer :
2. Designation :
3. Charge :
4. Region :

Sl.No.	LAR No. & Date	Para No.	Gist of Objection	Tax effect (in lakhs)	Remedial Action taken	Official's explanation , if called for	Remarks
1	2	3	4	5	6	7	8

**Annexure-XVI**

**PROFORMA REPORT ON DRAFT PARA NO. .... PROPOSED TO BE INCLUDED  
IN THE AUDIT REPORT BY THE C&AG FOR THE YEAR .....**

Board's reference calling for the report No. .... Dated .....

PART 'A'

1. (a) Name of the assessee . . . . .
- (b) CIT's Charge . . . . .
  
2. (a) Assessment year(s) to which the audit objection  
relates . . . . .
- (b) Accounting year of the assessee . . . . .
- (c) Date of filing of return(where relevant) . . . . .
- (d) Date of assessment/other order (if any) and  
section under which the other assessment  
order was made . . . . .
- (e) Total income/net wealth/taxable gift/P.V. of  
estate returned (where applicable) . . . . .
- (f) Total income/net wealth/taxable gift/P.V. of  
estate assessed (where applicable) . . . . .
- (g) Demand raised on original assessment or  
demand as per any other order which is  
subjected to audit(both gross demand and net  
demand after adjustment of pre-paid taxes may  
be indicated). . . . .
- (h) Amount of revenue mentioned in the draft audit  
para . . . . .
  
3. (a) Gist of the audit objection . . . . .
- (b) CIT's Comments --  
    [(i) If the facts stated by Audit are not correct,  
Full and correct facts must be stated . . . . .
- (ii) Reasons for acceptance or non-acceptance  
must invariably be given . . . . .
- (iii) If the objection is acceptable, the circum-  
stances in which the mistake occurred must  
be stated] . . . . .
  
4. Was the issue raised by Audit in the knowledge  
of the AO or was it brought to the notice of the AO  
  
    (i) by the assessee in any rectification/revision/appeal  
proceedings; or by the Internal Audit? . . . . .
- (ii) If so, was the Audit informed at the half margin  
stage . . . . .

5. (a) Date of issue of notice initiating remedial action and the section under which issued . . . . .
- (b) If remedial action has become time barred, did it get barred by limitation before or after the receipt of the audit objection? . . . . .
- (c) Date of order revising the assessment(s)/other order(s)
- (d) Amount of additional demand raised ascribable to audit objection or amount of refund allowed adjusted
- (e) If no remedial action is taken, give reasons . . . . .
- (f) Has any appeal been filed against the order revising the assessment or other order giving effect to audit objection? If so, state the outcome thereof . . . . .
- (g) Whether the additional demand has been recovered? If so, date of collection . . . . .
- (h) If not recovered, the reasons for non-recovery . . . . .
6. If the amount of revenue mentioned by the Audit is not correct, give reasons. (If the variation is due to variation of the total income after receipt of audit objection on account of appeal, revision etc. the same should be clearly indicated) . . . . .

Commissioner of Income Tax

Receipt of Draft Audit para from Board

Date .....

Proforma Report sent to Board

Date .....

**Annexure - XVII**

**PROFORMA REPORT ON DRAFT AUDIT PARA NO..... PROPOSED TO BE INCLUDED IN THE AUDIT REPORT BY C & AG FOR THE YEAR .....**

Board's reference calling for the report No.....dated.....

PART 'B'

1. (a) Name of the assessee . . . . .  
(b) Assessment year(s) to which audit objection relates . . . . .
2. (a) Date of receipt of Audit Memo . . . . .  
(Half margin note)  
(b) Date of reply/reasons for delay/not sending reply . . . . .  
(c) Gist of reply . . . . .  
(d) Date of receipt of Local Audit report . . . . .  
(e) Date of reply/reason for delay/not sending reply . . . . .  
(f) Gist of reply . . . . .
3. General remedial measure taken to avoid recurrence of such mistakes in future . . . . .
4. Whether the case was reviewed for similar mistakes in earlier and later years . . . . .
5. Is there any implication under the other Direct Tax Laws? If so, whether appropriate action has been taken . . . . .
6. (a) If the objection is accepted, name of the Official/AO who is responsible for the mistake  
(b) Name of the Addl./Joint CIT, if he had approved the order. Was the case to be otherwise checked by Addl./Joint CIT?  
(c) Is it a case where the explanation of the official/AO is considered necessary by the CIT? If so, has it been called for? A copy may be enclosed  
(d) CIT's views indicating whether the mistake was bonafide or otherwise . . . . .  
(e) Does the case require further looking into from the vigilance angle? If so, state what action is being taken? . . . . .
7. (a) If remedial action has become time barred, did it get barred by limitation before or after the receipt of audit objection . . . . .

(b) If latter, what action has been taken against the officials responsible for the action getting time barred? . . . . .

8. (a) Whether the case was earlier checked by the IAP? . . . . .

(b) If not, the reasons thereof i.e. -

(i) not a priority/immediate case . . . . .

(ii) not reported by AO . . . . .

(iii) not taken note of by IAP while cross-checking the list with D&C Register . . . . .

(iv) case papers not made available . . . . .

(v) any other reason . . . . .

(c) If the mistake was not detected by the IAP official, whether the explanation was called for and the CIT's comments thereon . . . . .

(d) (i) Was the case liable to be checked by the Addl./Joint CIT . . . . .

(ii) Was it checked . . . . .

(iii) If not reasons therefor . . . . .

Commissioner of Income Tax

Date.....

## Chapter- 9

### INSPECTIONS

**1.1** Periodical inspections and analysis of the performance of an officer as well as his office is not only an important managerial function but also an important tool which helps for performance appraisal, development and training. It can inter alia assist in optimum utilisation of the resources at the command of an executive. Specifically in relation to the Income-tax department, the main objectives of conducting such inspections are :-

- a. To make a fair appraisal of the officer's annual performance viz. what he accomplished and the means adopted by him;
- b. To highlight his strengths and weaknesses in the discharge of his functions and provide him a proper feed back and appraisal about his actual achievements- both his successes and failures and offer constructive suggestions for his development;
- c. To impart to him necessary know-how, knowledge and skills in tackling important cases;
- d. To make him aware of shortcomings and defects in work done by him and suggest remedial action.

**1.2** The inspections to be carried out by various authorities in the Income Tax Department are as follows:-

- i. Inspections by the Joint/Addl. Commissioner -
  - Inspection of the work of TRO.
- ii. Inspections by the Commissioner of Income Tax -
  - Inspection of systems:- This is to be done twice in a year, in the months of July and December.
  - Inspection of the assessment work.
- iii. Inspection to be conducted by the Director of Income Tax(Inv.) -
  - Annual inspection of the work of Joint/ Addl. Director of Income Tax(Inv.).
- iv. Inspections by the Chief Commissioner of Income Tax -
  - Inspection of the work of CIT(DR), CIT(CO), CIT(Audit) and CIT(TDS).

## **2. Inspection of the work of the TRO**

Tax recovery work is an important aspect of the functioning of the Income Tax Department. For evaluating the work of officers in the area of recovery, the Board has prescribed the inspection of the Tax Recovery unit as one of the functions of the Joint/Addl. Commissioner. While conducting the inspection of the TRO's work, the inspecting officer should keep in view the following aspects.:-

- a. whether statement (certificate) has been correctly and promptly drawn in accordance with section 222 of the Income Tax Act, 1961.

- b. whether there had been a good rapport between the TROs and Assessing Officer  
in respect of -
- i. reconciliation of figures of R.Cs and outstanding demand;
  - ii. timely recording of collections in the register of both Assessing Officer and TRO. exchange of information about assessee's addresses and whereabouts, list of movable and immovable properties, etc.
  - c. who is accounting for reduction in demand on account of adjustments which are normally to be carried out in Income-tax offices for taxes already paid before issue of recovery certificates or for reductions on account of adjustments of the refunds or reductions resulting from appellate/revision orders;
  - d. whether the TRO has avoided publicity of recovery proceedings;
  - e. whether proper interest was calculated and charged on the outstanding demand till the date of recovery;
  - f. whether the demands realised by the TRO or his inspector in cash or by cheque have been duly entered in the cash book and credited promptly in the Government's account with the Treasury/Banks;
  - g. in those cases where properties have been put to auction, points for checking are :-
    - i. there is proper publicity of auction;
    - ii. reserve prices have been fixed after proper valuation of property;
    - iii. the sales are not effected below the reserve prices;
    - iv. there has been no avoidable delay in the sale of attached property.
  - h. where the TRO has allowed the defaulter to sell the property by private negotiations, it should be verified that in such a deal there is no contravention of Rule 66 of the Second Schedule;
  - i. whether there is a proper annual stock-taking of number of recovery certificates pending and taxes outstanding at the beginning and close of the Financial Year.
  - j. whether the TRO has promptly issued certificate to the Assessing Officer in respect of irrecoverable arrears for the purposes of write off.

The proforma of the inspection report is available at Annexure-I

The Inspection Report should be sent to the DIT(IT) by the Joint/Addl. Commissioner, by 30th April.

### **3. Inspections by the Commissioner of Income Tax**

#### **3.1 A. Inspection of systems**

The Commissioner of Income-tax will inspect all the ranges of the charge, every year.

The inspection should be done in two halves. The first half of the inspection has to be done in July. This inspection will concentrate on the house keeping jobs, i.e. the work done upto the end of June (three months period).

The inspecting officer will inspect -

- i. the maintenance of registers and
- ii. maintenance of records, handling and filing of papers.

The second inspection has to be done in December and it will concentrate on the work other than inspection of assessments. This will include areas like rectifications, issue of refunds, giving appeal effects, arrear reduction etc.

The period of week, month or quarter which is to be inspected as per the formats will be specified by the Directorate of Income-tax.

The format of inspection reports are available at Annexure II and III

The inspection reports should be sent to DIT(IT) :-

- a. for the first half i.e. for the inspection done in the month of July, by 31st July;
- b. for the second half i.e. for the inspection done in the month of December, by 31st January;

#### **B. Inspection of assessment work**

The inspection will be of all the ranges in the charge. All Assessing Officers in the range being inspected will be covered. The CIT will pick up the assessment work of the current year itself and conduct the inspection in February, March and upto 15th April.

The Commissioner will pick up two cases of each officer, one of the officer's choice and the second of the CIT's choice. Thus, the CIT will inspect 10 current assessments of each Range in one year.

The inspection format to be used is available at Annexure IV.

The Inspection Reports should be completed and sent to DIT(IT) by 15th May.

#### **4. Requirements of a good inspection work**

4.1 While inspecting assessment work, the following aspects should be kept in mind by the Commissioner of Income Tax.

- i. While selecting the cases for inspection of assessment work, the following types of cases can be taken up.
  - a. cases of search and seizure.
  - b. cases where prosecutions are contemplated or heavy penalties are imposed.
  - c. cases where heavy relief in assessments has been given by appellate authorities.
  - d. cases where major mistakes have been detected by audit parties.
  - e. cases where complaints relating to substantial tax evasion have been received.
  - f. cases where refunds of large amounts are granted.
  - g. cases of different categories of assessee namely, Individuals, HUFs, Firms, etc. Should be considered.
- ii. In the course of the inspection, not only the IT records, but also the wealth tax and other relevant records relating to the same assessee should be inspected, to get a clear picture of the proper utilisation of the material by the Assessing Officer.
- iii. While commenting on the inspection work, the Commissioner of Income Tax should focus on the following aspects.
  - a. Maintenance of records and the routine procedural aspects like whether filing of papers is done systematically, issue of various kinds of notices, etc.

b. Whether necessary statements of account like Balance Sheet, Trading and Profit & Loss account etc. have been filed and necessary supporting accounts are called for. He should also see as to whether accounts have been examined properly, keeping in view comparable cases, the market situation etc.

c. Whether assessments are made in a routine manner or the officer has taken initiative to gather all relevant information through imaginative investigation.

d. The capacity of the Assessing Officer to deal with various legal points arising in the course of his work is another area, on which comments can be made by the Commissioner. The legal points that generally arise in assessment relate to status, admissibility or otherwise of expenditure, nature of receipts/whether on capital or revenue account, interpretation of provisions of direct tax laws and application of various judicial decisions.

iv. There are number of areas which are sensitive in nature from the point of view of the department and the taxpayer. While inspecting the work of the Assessing Officer, the Commissioner should look into the importance given by the Assessing Officer and the Joint/Addl. Commissioner to certain aspects, such as :

a. Timely issue and service of notices relating to advance tax or regular assessments, specially when high demands are involved;

b. Completing statutory actions within the specified time limits - such as issue of notices, completion of assessments, penalty proceedings, recovery proceedings etc.

c. Suitable action on audit paras;

d. Proper handling of important and sensitive cases;

e. Completion of assessments without any inconvenience to the tax-payers or harassment of the assesseees;

f. Issue of refunds;

g. Granting interest when refunds are unduly delayed;

h. Giving prompt effect to appellate and revision orders;

i. Disposal of applications u/s. 154;

j. Granting instalments for payment in genuine cases;

k. Avoidance of situations, like coercive action for recovery without verification of actual demand due, failure to give due credit for taxes already paid before recourse to recovery proceedings or issue of revenue recovery certificates where tax has already been paid;

l. Release or retention of book and documents kept in the custody of the Assessing Officer.

v. While compiling the report on inspection, the following points can be kept in mind.

a. The inspection report should not only mention the final date of report but also the period spent on inspection. The date when the last inspection was undertaken should also be mentioned.

b. General remarks in respect of various registers and other items under the heads 'Administration', 'Assessment', 'Collection', such as 'Yes', 'Generally Yes', 'Generally so' etc. should be avoided. Instead of such general remarks, at random 10 to 15 cases can be picked up and specific comments can be made in relation to those cases with respect to the particular head.

c. In the matter of reporting the figures regarding the arrears and collection, figures pertaining not only to income tax but also wealth tax should be furnished.

d. In respect of information pertaining to survey, generally only information in numerical numbers is given and that too without showing a break-up of cases added on account of:-

- Internal Survey; and
- External Survey

In addition to giving the proper break-up under these heads, the number of premises surveyed during the period under inspection and new assesseees discovered with tax effect should also be mentioned.

e. The report should invariably contain details of the compliance with various points commented upon in the previous inspection report.

vi. It should always be kept in mind that inspection is meant mainly for diagnosing and treating the ailment that affect a particular unit in the field. The main purpose of the inspection is not to find fault with the officer or to punish him. Inspections should instead be considered as an important bureaucratic tool for control, development and improvement. If these aspects are kept in view and the mechanism of inspections is wielded skillfully, judiciously and effectively, it will go a long way to benefit the Department, as well as the concerned officers.

## **5. Inspections by the Director of Income Tax (Investigation)**

**5.1** The format of the inspection has not yet been decided

## **6. Inspections by the Chief Commissioner of Income Tax**

**6.1** The format of the inspection has not yet been decided

## **7. Findings in the ACR**

**7.1** Findings in the Inspection Report need not find a place in the ACR of the officer inspected, unless it is noted that the officer is repeating the same mistakes, without making any effort to improve himself or remove deficiencies.

**7.2** The conduct of inspections is a mandatory exercise to be performed annually. Therefore, there is no requirement for sending inspection programmes any more. The Board has also made it a part of its Action Plan.

**7.3** The Chief Commissioners and Director Generals will have to separately report progress of the inspection work done in their regions in a monthly DO addressed to the Member(IT). The monthly DO for July, January and April will respectively report the targets achieved during the first systems inspection, second systems inspection and inspection of assessment work.

**7.4** A copy of the above DO letter has to be endorsed by the Chief Commissioners/Director Generals to DIT(IT), who looks after the monitoring of inspection work on behalf of the Board.

**Annexure-I**

**INSPECTION REPORT FOR T.R.O.**

A. : GENERAL INFORMATION

1. Name of the Circle . . . . .
2. Brief description of the jurisdiction,  
nature of work and the revenue importance . . . . .
3. Period covered by the last inspection . . . . .
4. Period covered by the present inspection . . . . .  
1            2            3            4  
-----
5. Name(s) of the T.R.O. . . . .  
-----
6. Group -B/A . . . . .  
-----
7. Length of service(s) . . . . .  
-----
8. Duration in the F.Y. for which posted  
in the circle . . . . .
9. Name and designation of the Inspecting  
Officer . . . . .
10. Range/Charge held by the Inspecting Officer . . . . .
11. Length of service of the Inspecting Officer . . . . .
12. Charge/Zone of the Controlling/reviewing  
Officer . . . . .

B. DETAILS OF THE CASES TAKEN UP FOR INSPECTION

S.No.	Name of the case	A.Y. / A.Yrs.	Amount as per certificate / Date of certificate	Amount of Recovery made by the TRO / Date of final Recovery	Name of the T.R.O. Who made Recovery
1	2	3	4	5	6

### C. OTHER STATISTICS

1. No. of cases where bank accounts are attached . . . . .
2. No. of cases where other immovable properties attached . . . . .
3. No. of cases where movable properties are attached . . . . .
4. No. of cases where immovable properties are sold during the year . . . . .
5. No. of cases where defaulters are committed to prison . . . . .
6. No. of cases where receivers were appointed . . . . .
7. No. of cases where objection petitions from tax defaulters and parties were received/disposed off . . . . .

Comments by the I.O. on the effectiveness of the measures taken by the T.R.O. for liquidating arrears and for making cash collections.

### D. COMMENTS ON INDIVIDUAL CASES

1. Name and address of the assessee . . . . .
2. Permanent Account No. . . . .
3. Status . . . . .
4. Assessment year(s) involved . . . . .
5. Date(s) of receipt of recovery certificate(s) . . . . .
6. Name of the Tax Recovery Officer who liquidated the arrears/handled the case during the F.Y. . . . .
7. Particulars about the arrears . . . . .

Assessment Year		Interest added by the TRO during the year	Gross arrears to be realised	Account realised during the year
Values as per Certificate	Reduction if any affected by the A.O.			
1	2	3	4	5

8. Resume by the TRO in not more than 300 words . . . . .
9. Observations of the I.O. in respect of the recovery work in the case . . . . .
10. Comments by the TRO on observations of the I.O. . . . .
11. Counter comments by the I.O. . . . .
12. Overall observations by the Reviewing counter signing officer i.e. CIT keeping in view the comments of the A.O. And observations, and counter comments of the I.O. . . . .

**E. APPRAISAL**

- (A) **TECHNICAL** : Give comments on :
  - (a) Output of the TRO with reference to the key results area of the Action Plan.
  - (b) Quality of the recovery work.
  - (c) Collection work.
- (B) **ADMINISTRATION** : Give comments on :
  - (a) Handling of establishment matters.
  - (b) Public relations.
  - (c) Maintenance of records.
  - (d) On accuracy and timely submission of periodical and other reports and returns.
  - (e) Quality of correspondence.
  - (f) Over-all environment of the office.
- (C) **GENERAL** : Give comments on :
  - (a) Adequacy of resources and facilities with particular emphasis on quality and effectiveness of personnel posted in the recovery circle.
  - (b) Any deficiency in the recovery process noted. Suggest remedial measures such as the changes in the law, procedure/or necessity of issuing suitable instructions/circulars.

- (D) FINAL SUMMING UP : Mention TRO's strong and weak points and offer constructive suggestions for his improvement.
- (E) Give overall assessment of the officer(s).
- (F) Points for compliance arising out of present Inspection report and remedial measures to be taken.
- (G.I) Annex copy of list of points for compliance arising out of LAST Inspection Report.

(G.II) REPORT ON REMEDIAL MEASURES TAKEN ON LAST INSPECTION AS REPORTED IN G.I ABOVE.

1. Name of the case.
2. Nature of the compliance.
3. Date of action taken.
4. Revenue gain; whether collection made.
5. Whether action is still pending. If 'Yes' give reasons.  
Comments of Inspecting Officer about his plan to take remedial action still pending as per last inspection report and reported in point '5' above.

Signature of the Inspecting Officer

## Annexure-II

### **SYSTEMS INSPECTION REPORT - Part-I** (Other than assessment work)

#### A. GENERAL INFORMATION

1. Range under inspection :
2. Brief description of jurisdiction :
3. Period covered by last inspection :
4. Resume of the Addl. CIT/JCIT, in :  
not more than 300 words, regarding  
the special and important work done
5. Period covered by present inspection :
6. Particulars of the Officers in the Range :  

Name	Designation	Duration for which posted in this Range/ Circle/Ward	Length of service
------	-------------	--	-------------------
7. Name and designation of the Jt./Addl.CIT :
8. Region of the CCIT :

#### B. DETAILS OF INSPECTION WORK

##### 1. MAINTENANCE OF REGISTERS

S. No.	Name of the register	Whether completed	Quality of	Remarks
(i)	Blue Book			
(ii)	Demand & Collection Registers (arrear & current)			
(iii)	Appeals Register			
(iv)	Rectification register			
(v)	Audit registers			

## 2. RECTIFICATIONS

(List out rectification applications received in the fortnight specified by the Directorate)

S.No.	Name & PAN	Date of receipt	Date of order	Date of service	Reasons for delay,
					if any

## 3. GRIEVANCE REDRESSAL

(i) List out all the petitions received from CBDT and CCIT

S.No.	Name & PAN	Nature of Grievance	Date of receipt	Date of final	Reasons for delay,
					report if any

(ii) List out all the petitions pending for more than three months received from other authorities and received directly.

S.No.	Name & PAN	Nature of Grievance	Date of receipt	Date of final	Reasons for delay,
					report if any

## 4. AUDIT

(i) RECEIPT AUDIT

(List out the major receipt audit objections received during the quarter to be specified by the Directorate)

S.No.	Name & PAN	Date of receipt	Date of reply	Remedial action taken	Revenue effect

(ii) INTERNAL AUDIT

(List out the major internal audit objections received during the quarter to be specified by the Directorate)

S.No.	Name & PAN	Date of receipt	Date of reply	Remedial action taken	Revenue effect

## 5. OBSERVATIONS OF THE INSPECTING OFFICER

- (i) On surveys carried out under section 133A
- (ii) On recovery arrears
- (iii) On allotment of PAN

- (iv) On utilisation of CIB information
- (v) On processing of tax evasion petitions
- (vi) On information contained under B from 1 to 5 above
- (vii) Overall observations

6. FOLLOW UP OF PART-I

The Inspecting Officer to state that remedial action/follow up done in respect of deficiencies/shortcomings noted in PART-I of the SYSTEM INSPECTION.

7. COMMENTS OF THE Addl.CIT/JCIT ON THE OBSERVATIONS OF THE INSPECTION OFFICER.

8. COUNTER COMMENTS OF THE INSPECTING OFFICER

9. OVERALL COMMENTS OF THE REVIEWING OFFICER

**Annexure-III**

**SYSTEMS INSPECTION REPORT - Part-II**  
(Other than assessment work)

**A. GENERAL INFORMATION**

1. Range under inspection :
2. Brief description of jurisdiction :
3. Period covered by last inspection :
4. Resume of the Addl.CIT/JCIT, in :  
not more than 300 words, regarding  
the special and important work done
5. Period covered by present inspection :
6. Particulars of the Officers in the Range :  

Name	Designation	Duration for which posted in this Range/ Circle/Ward	Length of service
------	-------------	--	-------------------
7. Name and designation of the Jt./Addl.CIT :
8. Region of the CCIT :

**B. DETAILS OF INSPECTION WORK**

1. FOLLOW UP OF ASSESSMENT WORK  
(List out cases processed or scrutinised in the week specified by the Directorate)

S.No.	Name & PAN	Date of order	Date of service	Reasons for delay, if any
-------	------------	---------------	-----------------	------------------------------

2. FOLLOW UP OF APPELLATE ORDERS  
(List out the appellate orders received during the month specified by the Directorate)

S.No.	Name & PAN	Date of receipt in A.O's office	Date of order giving effect	Reasons for delay, if any
-------	------------	------------------------------------	--------------------------------	------------------------------

**Annexure-IV**

**INSPECTION REPORT FOR ASSESSMENT UNIT**

**A. GENERAL INFORMATION**

1. Range under inspection :
2. Brief description of jurisdiction and nature of work in the range and its revenue importance :
3. Period covered by last inspection :
4. Period covered by present inspection :
5. Particulars of the Officers in the Range :

Name	Designation	Duration for which posted in this Range/ Circle/Ward	Length of service
------	-------------	---	-------------------
6. Name and designation of Inspecting Officer :
7. Name and designation of Reviewing Officer :
8. Region of the Reviewing Officer :

**B. DETAILS OF CASES TAKEN FOR INSPECTION**

( Two cases of each officer - one, officer's choice & one selected by I.O.)

S.No.	Name of the case	A.Y.	Section under	Date of asst.	Name of the A.O.
-------	------------------	------	---------------	---------------	------------------

**C. COMMENTS ON INDIVIDUAL CASES**

1. Name and address of the assessee :
2. Permanent Account Number :
3. Status :
4. Section under which order passed :
5. Assessment year, name and designation of the officer
6. Income returned and income assessed :

7. Date of filing return and date of asst. :
8. Penal action initiated :
9. Resume of the A.O. in not more than :  
300 words (enclose a copy of the  
assessment order)
10. Observations of the I.O. in respect of :  
the quality of assessment
11. Comments of the A.O. on the :  
Observations by the I.O.
12. Counter comments of I.O. :
13. Overall observations of the Reviewing :  
Officer

#### D. APPRAISAL

1. Final summing up with comments on each assessing officer.  
(Mention strong and weak points with suggestions for improvement)
2. Points for compliance arising out of present inspection report and suggested Remedial measures.
3. List of points for compliance arising out of last inspection report.
4. Report on action taken as per last inspection report listed in Item 3 above.  
(Mention name of the case, nature of compliance, date of action taken, revenue gain and comments of the Inspection Officer on promptness and adequacy of the action taken)

(Signature of the Inspecting Officer)

## Chapter- 10

### IMPORTANT REPORTS

Reports received from various field formations are the main source of information for the Central Board of Direct Taxes and for the Government in assessing the performance of various segments of the Department. The information gathered from the reports is also instrumental in guiding the policy making. Normally the reports start from the primary field level officers like the Assessing Officers and end up with the respective Directorates.

The reports at the field level are mainly monthly and these are consolidated by the respective Directorates on a quarterly basis and submitted to the Board. Some of the important reports are list below :-

#### **A. Reports to be submitted by the Assessing Officers :-**

Sl. No.	Name of the Report	Main contents of the report	Due Date from JCIT to CIT	Due Date from CIT to CCIT	Due Date from CCIT, to CBDT
<b><u>I. Monthly Reports</u></b>					
1	CAP I (Please refer Annexure-I for proforma report)	Demands raised and collections effected; details of the disputed demands and demands which are difficult to collect.	2nd of the following month	4th of the following month	10th of the following month
2	CAP II (Please refer Annexure-II for proforma report)	Disposal of assessments of various categories, disposal of audit objections; appeals, details of new cases added, surveys conducted, deployment of officers, etc.	-do-	-do-	-do-
3	CAP-III Monthly Telegraphic Report regarding workload and disposal of WT (Please refer Annexure-III for proforma report)	Disposal of WT assessments, demands raised; collections made etc.	-do-	-do-	-do-
4	MCS-3 (Please refer Annexure-IV for proforma report)	Comprehensive report containing details of disposal of assessments, rectifications, surveys conducted, reduction/ collection of demand etc.	-do-	-do-	15th of the following month
5	Dossier report (Please refer	Report on arrears exceeding Rs. 1 crore	8th of the following	10th of the	15th of the

	Annexure-V for proforma report)		month	following month	following month
6	MCS DO : a) DO letter  b) Statistical proforma in Annexure-VI  c) Monthly Report on Refunds (MRR) (Please refer Annexure-VII for proforma report)	A comprehensive report on various aspects of work done during the month in a Range/Charge/Region  Contains details of budget collections, demand and collection, refunds issued and widening of tax base.  Information regarding determination, issue, pendency of refunds and interest paid u/s 244A during the month.	6th of the following month   -do-  -do-	8th of the following month   -do-  -do-	10th of the following month   -do-  -do-
<b>II. Quarterly Reports</b>					
1	QPR Part 'A' & 'B' (Please refer Annexure-VIII and IX respectively for proforma report)	<u>Part 'A'</u> - Statistics relating to Income Tax and Corporation Tax; details of deployment of officers; number of assessees on record; the work load, disposal and their analysis. <u>Part 'B'</u> - Deals with other Taxes and also comprehensive statistics including the deployment of officers and the assessees on record etc.	6th of the month following the end of quarter	8th of the month following the end of quarter	20th of the month following the end of quarter
2	Dossier report (Please refer Annexure-V and X respectively for proforma report)	A. Report on arrears exceeding Rs. 1 crore and above	8th of the month following the end of quarter	15th of the month following the end of quarter	15th of the month following the end of quarter
		B. Report on arrears exceeding Rs. 10 lakhs but below Rs. 1 crore	-do-	-do-	-do-
3	Report on references to Valuation cell (Please refer Annexure XI for proforma	Details regarding number of cases referred to Valuation Cell, valuation reports received during the quarter	6th of the month following the end of quarter	8th of the month following the end of quarter	--

	report)				
4	Statement of amount written off as per Instruction No. 1567 (Please refer Annexure-XII for proforma report)	Arrear demands of Rs. 10,000/- and below written off	-do-	-do-	20th of the month following the end of quarter
5	Aggregation of Agrl. Income with non-agrl. Income (Please refer Annexure-XIII for proforma report)	Disposal of assessments involving aggregation of agricultural income and the resultant additional demand	-do-	-do-	-do-
6	Powers of scaling down of tax arrears in respect of WT/GT/ED		-do-	-do-	-do-
7	In terms of the CBDT Instruction No. 1894 dated 16-6-1992, the CCITs/DGITs are required to make a monthly review of appeals filed on questions of facts as well as at least 10% of the remaining appeals. A quarterly report of the review carried out by the CCITs/DGITs is to be submitted in statistical form to the Board by the end of the following month.				

### III. Yearly Report

1	List of Top 100 Income Tax and Wealth Tax Payers	Details of top 100 IT and WT payers on the basis of income returned for previous year	As instructed		
2	Annual statement regarding remission etc.	Details of remission or abandonment of IT claims to be sent by CITs to the DI(RSP)			30th of June

#### **B. Reports to be submitted on TRO's work**

Sl. No.	Name of the Report	Main contents of the report	Due date from JCIT to CIT	Due date from CIT to CCIT	Due date from CCIT to CBDT
1	Monthly report (Please refer Annexure-XIV for proforma report)	Pendency and disposal of TRCs and its age-wise analysis; attachment and sale of properties; collections made out of them etc.	2nd of the following month	4th of the following month	--
2	Quarterly report		6th of the month	8th of the month	10th of the

	(Please refer Annexure-XV for proforma report)	-do-	following the end of quarter	following the end of quarter	month following the end of quarter
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**C. Reports to be submitted by the audit wing**

Sl. No.	Name of the Report	Main contents of the report	Due date from JCIT to CIT	Due date from CIT to CCIT	Due date from CCIT to CBDT
1	Monthly report (Please refer Annexure-XVI for proforma report)	Details of audit objections pending both RAP and IAP and their disposal	10th of the following month	15th of the following month	20th of the following month
2	Quarterly report (Please refer Annexure-XVII for proforma report)	-do- along with age-wise analysis	12th of the month following the end of quarter	17th of the month following the end of quarter	-do-
3	Annual report (Please refer Annexure-XVIII for proforma report)	C&AG report	As instructed	As instructed	As instructed

**D. Reports to be submitted by the individual CITs**

Sl. No.	Name of the Report	Main contents of the report	Due date from CIT to CCIT	Due date from CCIT to CBDT
1	Quarterly report (Please refer Annexure-XIX for proforma report)	Appeals, references, and writs before ITAT/HC/SC; pendency, filed, disposals etc. Along with age-wise details	15th of the month following the end of quarter	

**E. Reports to be submitted by the investigation wing**

Sl. No.	Name of the Report	Main contents of the report	Due date to DIT	Due date to DGIT	Due date to CBDT
1	Telex report (Please refer Annexure-XX for proforma report)	This is sent within 24 hours of the completion of search by the DIT(Inv.) To the Member(Inv.), CBDT	--	--	--
2	Monthly report (Please refer Annexure-XXI)	Details of search and seizure operations done in Part 'A' and appraisal reports in part	3rd of the following month to	5th of the following month to	5th of the following month

	for proforma report	'B' and the highlights			
3	Statistical report on survey work (Please refer Annexure-XXII for proforma report)	Details of surveys done	3rd of the following month	5th of the following month	-do-
4	Monthly Progress report (Please refer Annexure-XXIII for proforma report)	Progressive pieces of information collected by ITO(CIB)	2nd of the following month to JCIT (CIB)	5th of the following month to CIT (CIB)	-do-

**F. Reports to be submitted by the computer section**

Sl. No.	Name of the Report	Main contents of the report	Due date from CCIT to DIT (Systems)
1	Monthly Activity Report (Pl. refer Annexure-XXIV for proforma report)	Comprehensive details of the work done in the computer section.	3rd of the following month

**G. Reports to be submitted regarding implementation of the official language policy**

Sl. No.	Name of the Report	Main contents of the report	Due date from CIT to CCIT	Due date from CCIT to CBDT
1	Quarterly report (Please refer Annexure-XXV for proforma report)	Progressive use of Official Language in Hindi	On or before 5th of the month following the quarter end	On or before 10th of the month following the quarter end
2	Half yearly report (Please refer Annexure-XXVI for proforma report)	-do-	On or before 5th of the month following the half year end	On or before 5th of the month following the half year end

**H. Reports to be submitted by the individual CITs(A)**

Sl. No.	Name of the Report	Main contents of the report	Due date
1	Weekly Report (Please refer Annexure-XXVII for proforma report)	Weekly monitoring of disposal of appeals, pendency etc. (to be submitted to the CCIT)	Last working day of week
2	Monthly report (Please refer Annexure-XXVIII for proforma report)	1) Telegraphic report on disposal and pendency of appeals (to be submitted to the Dy.	7th of the following month

		Chief Statistical Adviser, New Delhi)	
		2) CAP-II (to be submitted to the CCIT )	3rd of the following month
		3) MCS DO along with its statistical annexure (to be submitted to the CCIT)	14th of the following month

## Annexure - I

### CENTRAL ACTION PLAN - I

Name of the CCIT/DGIT	Region	Month_____	Year _____	
				(Rs. In lakhs)
1	Current demand raised from April 1st.	CD	_____	
2	Reduction out of I by way of prepaid taxes, u/s 154, 250, 264 etc.	CA	_____	
3	Net Current Demand for collection	NCD	_____	
4	Collection out of 3 above	CCOL	_____	
5	Arrear demand as on 1st April of the year	AD	_____	
6	Arrear demand as on 1st April & as adjusted upto the month	ADD	_____	
7	Difference between Col. 5&6 ( + / - )	ADV	_____	
8	Reduction out of 6 above	ADR	_____	
9	Collection out of 6 above	ADC	_____	
10	Total outstand demand (Current + Arrear) ( 3 -4 ) + ( 6 - 8 - 9 )	TOD	_____	
11	(a) Demand not fallen due	NFD	_____	
	(b) Demand paid but pending verification	PPV	_____	
12	Net Outstanding Demand ( 10-11(a) & 11(b)	NOD	_____	
13	Demand Disputed			
	(a) CIT(A)	DCIT	_____	
	(b) ITAT	DITAT	_____	
	(c) HC/SC	DIC	_____	
	(d) Rect./Revision/Waiver	DID	_____	
	(e) Total Disputed Demand	TDD	_____	
14	Total Undisputed Demand (12 - 13 (e))			
15	Demand Difficult to recover			
	(a) Pending write-off	PWO	_____	
	(b) Assessee not traceable	ANT	_____	
	(c) Notified person	NP	_____	
	(d) Cases before BIFR	BB	_____	
	(e) Co. in Liquidation	CIL	_____	
	(f) Cases before Settlement Commission	BSC	_____	
	(g) Demand stayed by Courts/ITAT	DS	_____	
	(h) Total Demand difficult to recover	DIFF	_____	
16	Demand stayed by A.O./CIT/CCIT	DSIT	_____	
17	Demand covered by installment	INST	_____	
18	Net collectible Demand (12-(15(h) + 16 + 17)	NCOL	_____	

## Annexure - II

### (REVISED) CAP-II STATEMENT

## MONTH

## NAME OF THE CHARGE

Central Action Plan monthly telegraphic reports regarding Workload and Disposal of Income Tax assessments Workload and Disposal of Major Revenue, Workload and Disposal of Appeals Deployments of Officers on assessments duty and Widening of Tax Base.

## I WORKLOAD AND DISPOSAL OF RETURNS PROCESSING AND ASSESSMENTS

## ALL CATEGORIES

1	(a) Total no. of scrutiny assessments for disposal upto the end of the month	TRW
	(b) Total no. of returns for disposal u/s 143 (1) upto the end of the month	TSW
2	(a) Total scrutiny disposal out of 1 (a) above upto the end of the month.	TRD
	(b) Total disposal u/s 143(1) out of 1(a) above upto the end of the month	TSD

## CATEGORY "A" CASES

(Company assessments with income/loss below Rs. 50,000/- and non-company assessments with income/loss below Rs. 2 lakhs.

3	No. of company scrutiny assessments available for disposal upto the end of the month.	ACRW
4	Scrutiny disposal out of 3 above upto the end of the month.	ACRD
5	No. of company returns available for disposal u/s 143(1) upto the end of the month.	ACSW
6	Disposal u/s 143 (1) out of 5 above upto the end of the month.	ACSD
7	No. of Non-company scrutiny assessments available for disposal upto the end of the month.	ANRW
8	Scrutiny disposal out of 7 above upto the end of the month.	ANRD
9	No. of Non-company returns available for disposal u/s 143 (1) upto the month.	ANSW
10	Disposal u/s 143 (1) out of 9 above upto the end of the month.	ANSD

## ALL CATEGORY 'B' CASES

(Company assessments with income/loss of Rs. 50,000/- and above but below Rs. 10 lakhs and Non-company assessments with income/loss of Rs. 2 lakhs and above but below Rs. 10 lakhs.)

11	No. of company scrutiny assessments available for disposal upto the end of the months.	BCRW
12	Scrutiny disposal out of 11 above upto the end of the month.	BCRD
13	No. of company returns available for disposal u/s 143 (1) above upto the end of the month.	BCSW
14	Disposal u/s 143 (1) out of 13 above upto the end of the month.	BCSD
15	No. of Non-company scrutiny assessments available for disposal upto the end of the month.	BNRW
16	Scrutiny disposal out of 15 above upto the end of the month.	BNRD

17	No. of Non-company returns available for disposal u/s 143 (1) upto the end of the month.	BNSW
18	Disposal u/s 143 (1) out of 17 above upto the end of the month.	BNSD

## CATEGORY "C" CASES

( Company & Non-company assessments with income/loss of Rs. 10 lakhs and above.)

19	No. of company scrutiny assessments available for disposal upto the end of the month.	CCRW
20	Scrutiny disposal out of 19 above upto the end of the month.	CCRD
21	No. of company returns available for disposal u/s 143 (1) upto the end of the month.	CCSW

22	Disposal u/s 143 (1) out of 21 above upto the end of the month.	CCSD
23	Non-company scrutiny assessments available for disposal upto the end of the month.	CNRW
24	Scrutiny disposal out of 23 (a) above upto the end of the month.	CNRD
25	No. of Non-company returns available for disposal u/s 143 (1) upto the end of the month.	CNSW
26	Disposal u/s 143 (1) out of 25 above upto the end of the month.	CNSD
	<b>A. CATEGORY "D" ASSESSMENTS</b>	
	( SEARCH & SEIZURE ASSESSMENTS )	
27	No. of Search & Seizure assessments brought forward as on 1st April	SSW
28	Scrutiny disposal of Search & Seizure assessments out of (27) above during the year upto the end of the month.	SSD
29	No. of returns filed in Search & Seizure cases due for disposal u/s 143 (1) upto the end of the month.	SPW
30	Disposal u/s 143 (1) out of 29 above upto the end of the month.	SPD
	<b>B. SEARCHES CONDUCTED ON OR AFTER 01.07.1995 (UNDER THE PROVISIONS OF CHAPTER -XIV B).</b>	
31	No. of Block Assessments brought forward as on 1st April	BA
32	No. of Block Assessments added upto the end of the month.	BAA
33	Total no. of Block Assessments for disposal upto the end of the month	TBA
34	No. of Block Assessments completed out of (33) upto the end of the month.	BAD
35	Balance at the end of the month.	BAA
	<b>MAJOR REVENUE AUDIT OBJECTIONS</b>	
36	No. of Arrear Major Revenue Audit Objections for disposal upto the end of the month.	MRAW
37	No. of Major Revenue Audit Objections settled out of (36) above upto the end of the month.	MRAD
38	No. of current Major Revenue Audit Objections for disposal upto the end of the month.	MRCW
39	No. of Major Revenue Audit Objections settled out of (38) above.	MRCD
	<b>DISPOSAL OF APPEALS</b>	
40	No. of High Demand appeals brought forward as on 1st April	HDAW
41	Disposal of High Demand appeals out of (40) above upto the end of the month.	HDAD
42	No. of High Demand Appeals instituted during the year upto the end of the month.	HDCW
43	Disposal of High Demand Appeals out of (42) above upto the end of the month.	HDCD
44	No. of other appeals brought forward as on 1st April	OAAW
45	No. of other appeals instituted during the year upto the end of the month.	OACW
46	Disposal of other appeals during the year upto the end of the month.	OATD
47	No. of CIT (Appeals) deployed.	CIT (A)
	<b>DEPLOYMENT OF OFFICERS ON ASSESSMENT DUTY</b>	
48	For Category 'A' assessments - Income-tax Officers deployed.	ITO
49	For Category 'B' assessments - Assistant/Deputy Commissioner of Income-tax deployed.	ADCB
50	For Category 'C' assessments- Joint/Additional Commissioner (Asstts.) deployed.	JACC
51	For Category 'D' assessments - Assistant/Deputy Commissioner of Income-tax deployed.	ADCD
52	Joint/Additional Commissioner of Income-tax deployed on Block Assessments.	JABA
53	Assistant Commissioner/Deputy Commissioner of Income-tax deployed on Block Assessments.	ADBA

**WIDENING OF TAX BASE No. OF ASSESSEES**

**OLD ASSESSES**

54	No. of existing assesseees as on 1st April	OTA
55	No. of assesseees out of (54) above who have filed returns upto the end of the month	OARF
56	No. of assesseees out of (54) above to whom Notices u/s 142(1)/148 issued upto the end of the month	OANI

**NEW ASSESSEES**

57	No. of new assesseees added during the month	NAAM
58	No. of new assesseees added upto the end of the month	NAA
59	(a) No. of New Assesseees out of (58) above who have filed return in Form 2C i.e. Under provision to Section 139(1) upto the end of the month	NARC
	(b) No. of new assesseees out of (58) who have filed returns of taxable Income :-	NARL
	(i) Below one lakh.	
	(ii) One lakh and above	

## 60. INCOME WISE ANALYSIS OF NEW ASSESSEES

(a)	NUMBER OF NEW ASSESSEES (Added during the month)					
Category	COMPANY	NON COMPANY				
		Individual	HUF	Firm	Trust	Others
A						
B						
C						
D						

(b)	NUMBER OF NEW ASSESSEES (Added upto end of the month)					
Category	COMPANY	NON COMPANY				
		Individual	HUF	Firm	Trust	Others
A						
B						
C						
D						

(c)	TOTAL TAXES PAID (For the Month)					
Category	COMPANY	NON COMPANY				
		Individual	HUF	Firm	Trust	Others
A						
B						
C						
D						

(d)	TOTAL TAXES PAID (Upto end of the Month)					
Category	COMPAN Y	NON COMPANY				
		Individual	HUF	Firm	Trust	Others
A						
B						
C						
D						

		During the Month	Upto end of the Month
61	No. Of premises surveyed u/s 133 A		
62	No. Of premises surveyed u/s 133 B		

**Annexure - IIA**

**(ORIGINAL)  
CENTRAL ACTION PLAN - II**

NAME OF THE CCIT REGION : \_\_\_\_\_ FOR THE MONTH OF \_\_\_\_\_

TELEPHONE NO. : \_\_\_\_\_ FAX NO. : \_\_\_\_\_

**TO : DIRECTORATE OF INCOME TAX (O&M), NEW DELHI 110066**

S.No.	Code	Figures	S.No.	Code	Figures	S.No.	Code	Figures
			19	CCRW		40	HDAW	
1 (a)	TRW		20	CCRD		41	HDAD	
(b)	TRD		21	CCSW		412	HDCW	
2 (a)	TSW		22	CCSD		43	HDCD	
(b)	TSD		23	CNRW		44	OAAW	
3	ACRW		24	CNRD		45	OACW	
4	ACRD		25	CNSW		46	OATD	
5	ACSW		26	CNSD		47	CIT(A)	
6	ACSD		27	SSW		48	ITO	
7	ANRW		28	SSD		49	ADCB	
8	ANRD		29	SPW		50	JACC	
9	ANSW		30	SPD		51	ADCD	
10	ANSD		31	BA		52	JABA	
11	BCRW		32	BAA		53	ADBA	
12	BCRD		33	TBA		54	OTA	
13	BCSW		34	BAD		55	OARD	
14	BCSD		35	BAA		56	OANI	
15	BNRW		36	MRAW		57	NAAM	
16	BNRD		37	MRAD		58	NAA	
17	BNSW		38	MRCW		59(a)	NARC	
18	BNSD		39	MRCD		(b)	NARL	

Annexure -A

60. INCOME WISE ANALYSIS OF NEW ASSESSEES

(a)	NUMBER OF NEW ASSESSEES (Added during the month)					
Category	COMPANY	NON COMPANY				
		Individual	HUF	Firm	Trust	Others
A						
B						
C						
D						

(b)	NUMBER OF NEW ASSESSEES (Added upto end of the month)					
Category	COMPANY	NON COMPANY				
		Individual	HUF	Firm	Trust	Others
A						

B						
C						
D						

(c)	TOTAL TAXES PAID (For the Month)					
Category	COMPANY	NON COMPANY				
		Individual	HUF	Firm	Trust	Others
A						
B						
C						
D						

(d)	TOTAL TAXES PAID (Upto end of the Month)					
Category	COMPANY	NON COMPANY				
		Individual	HUF	Firm	Trust	Others
A						
B						
C						
D						

		During the Month	Upto end of the Month
61.	No. Of premises surveyed u/s 133 A		
62.	No. Of premises surveyed u/s 133 B		

**REVISED  
REPORT OF SURVEY AND NEW ASSESSEES FOR  
THE MONTH OF MARCH,**

S.No.	Survey	During the month	Upto the end of the month	Corresponding figures of the last year
1	No. of premises surveyed us/ 133-A			
2	No. of premises surveyed us/ 133-B			

S.No.	New Assessee	During the month	Upto the end of the month	Corresponding figures of the last year
3	Challan paid under Presumptive Tax Scheme			
4	Returns received on account of survey			
5	Others			
6	Total (3+4+5)			
7	Out of 6, assessee who have filed returns of taxable income below Rs. 1 lakh			
8	Out of 6, assessee who have filed returns of taxable income of Rs 1 lakh and above			
9	No. of new wealth tax assessee who have filed returns			

**Note :-** The above Annexure-B has since been discontinued vide DOMS letter F.No.17/7/98/OD-DOMS/468 dated 30-7-2001 sent to all Chief Commissioners of Income Tax/Directors General of Income Tax (Investigation/Exemption).

**WIDENING OF TAX BASE FOR THE MONTH OF****REGION :** \_\_\_\_\_

<b>S.No.</b>	<b>Particulars</b>	<b>CCIT-I</b>	<b>CCIT-II</b>	<b>CCIT-III</b>	<b>CCIT-IV</b>	<b>Total</b>
1	No. of new assesses added w.e.f. 1st April to 31st March,					
2	No. of new assesseees added during the 31st March,					
3	<b>Total</b>					

**Note :-** The above Annexre-C has since been discontinued vide DOMS letter F.No.17/7/98/OD-DOMS/468 dated 30-7-2001 sent to all Chief Commissioners of Income Tax/Directors General of Income Tax (Investigation/Exemption).



**Annexure-IV**

MCS - 3

FOR THE MONTH OF \_\_\_\_\_ :

STATEMENT 1 : NET BUDGET COLLECTION : (PROGRESSIVE)

020 CT	021 IT	TOTAL	WT	GT	IT BUDGET FOR THE CORRESPONDING PERIOD OF LAST YEAR
1	2	3	4	5	6

STATEMENT 2 : REDUCTION OF IT ARREARS (PROGRESSIVE)

Arrear Demand Brought Forward as on 1.4.99	Reduction collection of arrear demand	% of Col.2 to Col 1	Current Demand for Col.1A	Reduction collection	% of Col.5 to Col. 4	Total Demand carried forward	% of Col.7 to Col. 11
1	2	3	4	5	6	7	8

STATEMENT 3 : REDUCTION OF ENTRIES OF I.T. DEMAND (PROGRESSIVE)

Total of IT Demand entries Brought forward as on 1-4-99	No. of entries of Current Demand	Total of Col.1 and Col. 2	No. of entries reduced out of Col. 3	Balance No. of entries carried forward	Percentage of Col. 5 to Col. 3
1	2	3	4	5	6

STATEMENT 4 : INCOME TAX DISPOSAL

Category of case estimated Annual Work Load	No. of Officers deployed cat wise (please mention the No. of AOs and ITOs deployed with the DCs (Asstt.))	Norm of scrutiny assessment per A.O.	Annual target of scrutiny assessments (as per the prescribed)/ Achievement of scrutiny assessments upto the end of the month	Disposal of assessment upto the end of the month
1	2	3	4	5
Category 'A' Scrutiny Summary				
Category 'B' Scrutiny Summary				
Category 'C' Scrutiny Summary				
Category 'D' Search Seizure				

**STATEMENT 5 : ACTION PLAN**

No. of returns Received for A.Y. till the month end	No. of returns processed u/s 143(1)(a)	No. of cases where prima facie additions have been made	Total amount of additional tax levied u/s 143(1)(a)
1	2	3	4
B/F as on			
B/F as on			

**STATEMENT 6 : SURVEY U/S 133A (PROGRESSIVE )**

Section	No. of premises Surveyed	No. of assessees covered
U/s 133 A (1)		
U/s 133 A (5)		

**STATEMENT 7 : ACTION PLAN**

No. of rectification Applications received till month end	No. of such applications disposed off	Pending for more than 2 months

--	--	--

STATEMENT 8 : WEALTH TAX AND GIFT TAX DISPOSALS (PROGRESSIVE)

WEALTH TAX		GIFT TAX	
Workload	Disposal	Workload	Disposal

STATEMENT 9 : NEW CASES ADDED (PROGRESSIVE)

Out of DDI's Survey	Other (including Voluntary returns)	Total

STATEMENT 10 : (CIB VERIFICATION)

No. of places of Information received from CIB till the month end	No. of such pieces of information examined with (preferably with statistical results)	No. of such pieces of information found useful and a brief note (preferably with statistical results)	No. of pieces of information not found to be useful

REPORT FOR THE MONTH OF : \_\_\_\_\_

STATISTICAL PROFORMA TO BE ENCLOSED WITH THE MONTHLY D.O. OF CCIT/DCIT TO THE ZONAL MEMBER

(Rs. In lacs Achievement)

I	BUDGET COLLECTION	ACTION PLAN TARGET	DURING THE MONTH	PROGRESSIVE
(i)	Corporation Tax			
(ii)	Income Tax			

(iii)	Other Taxes			
(iv)	Total Collection			
II	DEMAND AND COLLECTION			
(i)	Demand outstanding on 1st April, 1999 as adjusted.			
(ii)	Collection/Reduction out of (i) above			
(iii)	Current Demand raised			
(iv)	Collection/Reduction out of (iii) above			
(v)	Total demand outstanding at the end of month			
(vi)	Cash collection out of (ii) above			
(vii)	Demand stayed by I.T.I. High Court and Supreme Court			
(viii)	Demand for which stay vacated by ITAT, High Court and Supreme Court			

III	WIDENING OF TAX BASE	ACTION PLAN TARGET	DURING THE MONTH	ACHIEVEMENT PROGRESSIVE

IV	PROGRESSIVE OF RETURNS	ACTION	DURING THE MONTH	ACHIEVEMENT PROGRESSIVE
1	No. of effective assessee at the beginning of month			
2	No. of returns filed.			
3	No. of returns processed 143(1)(a) out of (ii) above			

V COMPLETION OF SCRUTINY ASSESSMENTS :

Category 'A'

Category 'B'

Category 'C'

Category 'D'

No. Of CITs		No. of disposal upto month end	No. of disposed of upto month	No. of pending	No. Pending for more than 6 months
VI	ITEM				
(a)	Petition u/s 264				
(b)	Petition u/s 132(11)				
(c)	Petition u/s 278				
(d)	Petition u/s 220 (24)				
(e)	Petition u/s 263				
VII	RECTIFICATION				
(i)	No. of rectification applications pending at the beginning of the month				
(ii)	No. of rectification applications received during the month				
(iii)	No. of applications disposed of till month end				
(iv)	No. of applications pending for more than 2 months				
VIII	APPEAL EFFECTS				
(i)	No. of appeal effects pending at the beginning of the month				
(ii)	No. of appeal effects received during the month				
(iii)	No. of appeal effects given during the month				
(iv)	No. of appeal effects pending for more than 2 months.				
IX	PERFORMANCE OF CIT (APPEALS)				
(i)	No. of CIT (Appeals)				
(ii)	Total No. of appeals for disposal upto month end				
(iii)	No. of appeals disposed of during the month				
(iv)	Total No. of appeal disposed of till month end				



**Annexure- V**

**DOSSIER OF RS. 1 CRORE AND ABOVE - REPORT FOR THE MONTH  
ENDING**

Region : CCIT,  
Charge : CIT-I,  
Range:  
Dated :

- 1 Name and address of the assessee
- 2 (a) Status  
(b) PAN/GIR No.  
(c) Classification (Please tick relevant block)
  - (i) Public sector undertaking :  
State  
Central
  - (ii) Bank
    - (a) Foreign
    - (b) Indian
  - (iii) Financial Institution (Other than banks)
  - (iv) Foreign Co., (Other than banks)
  - (v) MNC
  - (vi) Film industry
  - (vii) Search and Seizure cases
- 3 Gross Demand
  - (a) At the beginning of the quarter; and
  - (b) Added during the quarter.

(Amount in lacs)

Asstt. Year	F.Y. in which raised	Tax	Penalty	Interest	Total

**(B) AGGREGATED GROSS DEMAND**

- 4 (a) Demand not fallen due
- 2 (a) Demand under verification

Asstt. Year	Authority granting installments	Total amount covered by installment	Amount of each installment and its duration

(C) DEMAND COVERED BY INSTALLMENTS (OUT OF 3)

<u>Asstt. Year</u>	<u>Amount</u>	<u>Date of payment as per assessee</u>

(D) DEMAND COVERED BY STAY (OUT OF 3 )

Asstt. Year	Authority granting stay	total amount covered by stay	Date upto which stay granted

5 (a) DEMAND DISPUTED :

Asstt. Year	Amount	Date of application/appeal with number	Date of order

- (i) RECTIFICATION
- (ii) REVISION
- (iii) Before CIT(A)
- (iv) Before ITAT
- (v) Before HC/SC
- (vi) Before Settlement Commission
- (vii) Covered by petitions for waiver of interest/ penalty

TOTAL DEMAND DISPUTED :

6. DEMAND DIFFICULT TO RECOVER :

- (i) Pending write off
- (ii) Company in liquidation
- (iii) Insolvency proceedings
- (iv) No assets for recovery
- (v) Protective assessments (Give Details)
- (vi) Company before BIFR
- (vii) Assessee or Representative not traceable :

TOTAL DEMAND DIFFICULT TO RECOVER :

6 (i) to 6 (vii)

7. UNREALISABLE AND UNCOLLECTIBLE DEMAND

(4+6)

NOTE :

8 NET RELEASABLE DEMAND

(3-7)

9 CASH COLLECTIONS / REDUCTION DURING THE QUARTER

	Asstt. Year	Asstt. Year	Asstt. Year

(a) Cash collection			
(b) Reduction in appeal			
(c) Reduction u/s 154/264/Waiver			

Total cash collection and reduction during the quarter. Collection /  
Reduction

10. Total cash collection and reduction upto the quarter end

11. Net demand at the end of the quarter (3-9)

12. Balance collectible demand at the end of the quarter (8-9)

- (i) Date of drawing up of statement of arrears by TRO on his own or request.
- (ii) Cash collection by TRO during the quarter.  
(give assessment year-wise details)

13. If it is a search case

- (a) Date of search
- (b) Value of assets seized
  - (i) Cash
  - (ii) Others
- (c) Value of assets adjusted.

14. Nature of major additions :

15. Brief reasons for non-collection of demand in item (12) above :

16. Action taken on directions given by higher officers in earlier quarters.

Name and designation of the  
Assessing Officer

Date :

17. Comments of the Addl. CIT/JCIT -

18. Comments of the CIT

19. Comments of the CCIT

SUMMARY SHEET

Name of the assessee :

	QE 30 - June	QE 30 Sep	QE 31-Dec	(Rs. in lakhs) QE 31-Mar
1 Net demand outstanding				
Demand difficult to collect				
(a) Pending write off				
(b) Assesses /Directors not traceable				
(c) Notified persons				
(d) Cases before BIFR				
(e) Company in liquidation				
(f) Cases before Settlement Commission				
(g) Others				
2 Disputed before SC/HC				
3 Disputed before ITAT				
4 Disputed before (CIT(A)				
5 Disputed in recti/revision/waiver				
6 Others				
7 Remarks				

Assessing Officer

**Annexure-VI**

**STATISTICAL PROFORMA TO BE ENCLOSED WITH THE MONTHLY D.O. OF CIT TO THE CCIT**

FOR THE MONTH OF :

CIT CHARGE :

CCIT CHARGE :

REGION :

1. BUDGET COLLECTIONS :

(Rs. in Crores )

		CORPORATION TAX			INCOME TAX			TOTAL COLLECTIONS		
		Action Plan Target	During the Month	Progressive	Action Plan Target	During the Month	Progressive	Action Plan Target	During the Month	Progressive
Range -										
Range -										
Range -										
Grand Total										

2. DEMAND AND COLLECTIONS :

(Rs. in Crores )

		RANGE -	RANGE -	RANGE -	RANGE -
1	Arrear Demand as on 1.4.2002 (as adjusted)				
2	Less : Reduction / cash collection out of (1)				
3	Current demand raised upto the month end				
4	Less : Reduction on account of prepaid taxes and cash collection out of (3)				
5	Total arrear and current demand (1-2) + (3+4)				
6	Less : Demand difficult to recover as per break-up given in CAP-I Statement)				
7	Less : Demand stayed by AO/CIT/CCIT				

8	Less : Demand covered by instalment				
9	Net Collectible Demand [5-(6+7+8)]				

3. REFUNDS ISSUED :

(Rs. in lakhs)

		RANGE -	RANGE -	RANGE -	RANGE -
1	Total number of refund issued in the month				
2	Total amount of refunds issued in the month				
3	Number of refunds above Rs.25 lakhs out (1)				
4	Amount involved in refunds above Rs. 25 lakhs				

4. WIDENING OF TAX BASE :

	No. of assesseees as on 1.4.2002	Target for FY 2002-03	New assesseees added upto month end (in lakhs)			Collection from new assesseees (in crores)		
			Form 2C	Others	Total	Form 2C	Others	Total
Range -								
Range -								
Range -								
Grand Total								

**Annexure- VII**

**MONTHLY REPORT ON REFUNDS (MRR)**

Ward / Circle :  
Range :  
CIT Charge :  
CCIT Charge :  
CCIT Region :

1	(i) No. of returns processed during the month :	
	(ii) Cumulative figure for the financial year :	
2	(i) No. of returns out of 1(i) above in which refunds were determined :	
	(ii) Cumulative figure for the financial year :	
3	(i) No. of refunds determined by orders other than processing during the month :	
	(ii) Cumulative figure for the financial year :	
4	(i) Total No. of refunds determined during the month [2(i)+3(i)] :	
	(ii) Cumulative figure for the financial year :	
5	(i) No. of refunds out of 4(i) above in which refunds were dispatched during the month :	
	(ii) Cumulative figure for the financial year :	
6	Details of refunds pending at the end of the month where refunds have already been determined (No. of pending refunds to be entered in the table below) :	

Between 15 days and 1 month	Between 1 month and 6 months	Between 6 months and 1 year	More than 1 year

7	(i) Total amount of refund issued during the month :	
	(ii) Cumulative figure for the financial year (in. Rs.) :	
8	(i) Out of 7(i) above the amount paid as interest u/s 244-A :	
	(ii) Cumulative figure for the financial year (in. Rs.) :	

Signature of the Officer



**Annexure-VIII**

**Quarterly Progress Report**  
[ (Part-A) Income-tax & Corporation tax ]

(Due on 20th of the month following the end of the quarter in the Board )

Quarter	I	II	III	IV
---------	---	----	-----	----

Year				
------	--	--	--	--

CCIT Name :	
CCIT Address :	

Fax No.
Telephone No.
E-mail

No of CIT Charges Covered	
---------------------------	--

Details of Charges Covered		
S.No.	Name of Charges	Telephone No. / Fax No.
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

A. General

I. Deployment of Officers		Sanctioned Strength		Working Strength		Man-days Spent on		
		1. Asst. duty	2. N.A. duty	1. Asst. duty	2. N.A. duty	1. Duty in all	2. Asst. Duty alone	3. In Head Quarters
Additional Commissioner/ Dy. Commissioner/ Jt. Commissioner								
Assistant Commissioner								
Income Tax Officer								
II Assesseees on Record [Income tax]								
		Company	Individual	HUF	Firms	Trust	Others	Grand Total
1	No. of assesses on record as on Ist April							
2	Variation upto the quarter end due to transfer in/transfer out/ struck off (Add ± )							
3	Additions upto the quarter end voluntary							
4	Additions upto the quarter end (u/s 115k)							
5	Total ( 1+2+3+4)							
6	Ineffective assesses (where proceedings need not be initiated )							
7	Effective assesseees (5-6)							
8	Number of Assesseees out of 7 who have filed returns voluntarily upto quarter end							
9	Balance (7-8)							
10	Number where notices u/s 142(1) issued upto quarter end							

III Income Wise Analysis of Assesses AT 11.7	COMPANY			NON- COMPANY					
	1A Foreign Companies	1B Public Sector Companies	1C Other Domestic Companies	2. Individuals	3 HUF	4 Firms	5 Trust	6 Others	7 Total
1. Category 'A' assesseees									
2. Category 'B' ( Lower) assesseees									
3. Category 'B' ( Higher) assesseees									
4. Category 'C' assesseees									
5. Category 'D' assesseees									
6. Total (1 to 5 )									
7. Assesseees above the income limit of Rs. 25 Lakhs									

- (1) Category 'A' assesseees- Company assessments with Income/low below Rs. 50,000/- and non-company assessments with income/loss below Rs. 2 Lakhs.
- (2) Category 'B' assesseees (Lower Income Group)-Company assessments with income/loss of Rs. 50,000/- and above put below 5 Lakhs and Non-company assessments with income/loss of Rs. 2 lakhs and above but below Rs. 5 Lakhs.
- (3) Category 'B' assesseees (Higher Income Group)-Company and Non company assessments with income/loss of Rs. 5 Lakhs and above but below Rs. 10 Lakhs.
- (4) Category 'C' assesseees -Company and Non company assessments with income/loss of Rs. 10 Lakhs and above.
- (5) Category 'D' assesseees - Search and seizure assessments.

Definitions : - For purpose of A (III) Income/Loss of assessee shall be the highest income/loss returned/assessed till date.

B. Workload and Disposal of Income Tax Assessments

I	PROGRESSIVE WORKLOAD ASSESSMENT		1. Company	2. Individual	3. HUF	4. Firm	5. Trust	6. Others	7. Total
(a) Arrear									
1	B/F as on Ist April	Scrutiny							
		Non-Scrutiny							
2	Variation By Tfr. In/ Tfr. Out ( Add ± )	Scrutiny							
		Non-Scrutiny							
3	Balance ( 1 ± 2 )	Scrutiny							
		Non-Scrutiny							
4	Time barring out of 3	Scrutiny							
		Non-Scrutiny							
(b) Current									
5	Returns received								
6	Out of above chosen for scrutiny								
7	Proceeding u/s 147/142(1) initiated	Scrutiny							
		Non-Scrutiny							
8	Returns filed u/s 147/142(1)								
9	Proceeding initiated u/s 143(2)								
10	Set aside in appeal/revision								
11	Variation by Tfr. in/tfr. Out ( add ± )	Scrutiny							
		Non-Scrutiny							
12	Total Current ( 6+8+10±11 ) ( 5+8±11 )	Scrutiny							
		Non-Scrutiny							
13	Total Arrear + Current (3+12)	Scrutiny							
		Non-Scrutiny							



II	ANALYSIS OF DISPOSAL		1. Company	2. Individual	3. HUF	4. Firm	5. Trust	6. Others	7. Total
1	Out of arrears [at I(a)3]	Scrutiny							
		Non-Scrutiny							
2	Out of Time Barring [ at I(a)4]	Scrutiny							
		Non-Scrutiny							
3	Out of current [ at I(b) 12]	Scrutiny							
		Non-Scrutiny							
4	Out of set aside	Scrutiny							
		Non-Scrutiny							
5	Total [1 + 3]	Scrutiny							
		Non-Scrutiny							
6	Balance ( Arrear+Current)	Scrutiny							
		Non-Scrutiny							

III	ANALYSIS OF BALANCE (ASST. YEAR WISE)		1. Company	2. Individual	3. HUF	4. Firm	5. Trust	6. Others	7. Total
1	1998-99 and earlier years	Regular							
		Reopend/Set aside							
2	1999-2000	Regular							
		Reopened/Set aside							
3	2000-2001	Regular							
		Reopened/Set aside							
4	2001-2002	Regular							
		Reopened/Set aside							
5	2002-2003 (Current Year)	Regular							
		Reopened/Set aside							
6	Total [1 + 5]	Regular							
		Reopened/Set aside							

IV Income Wise Analysis of WORK LOAD		WORKLOAD		DISPOSAL		BALANCE	
		Scrutiny	Summary	Scrutiny	Summary	Scrutiny	Summary
1. Category 'A' assessments	Company						
	Non-Company						
2. Category 'B' ( Lower) assessments	Company						
	Non-Company						
3. Category 'B' ( Higher) assessments	Company						
	Non-Company						
4. Category 'C' assessments	Company						
	Non-Company						
5. Category 'D' assessments	Company						
	Non-Company						
6. Total (1 to 5 )	Company						
	Non-Company						
7. Assessments above the income limit of Rs. 25 Lakhs	Company						
	Non-Company						

C. Tax Deduction at Source for Income Tax and Corporation Tax

		1 No. of Tax Deduction as on 1st April	2. Adjusted progressive additions upto quarter end	3 Effective Tax deductors (1+2)	4. No. of Returns required to be filed by the tax deductors at 3	5. Returns received upto quarter end	6. Balance (4-5)	
I. EFFECTIVE TAX DEDUCTORS								
II. STATEMENT OF RETURNS & VERIFICATION		1. Salary (F.No. 24)	2. Interest on Securities (F.No. 25)	3. Dividends ( F. No. 26, 27B)	4. Interest (F.No. 26A, 27A)	5. Others (F.No. 26B, 27H)	6. Win from Horse Race (F.No.26BB)	7.Cont/Subcont (F.No. 26C)
1	Opening Balance as on Ist April							
2	Adjusted progressive additions upto quarter end (including trf. in/trf. out)							
3	Progressive work load upto quarter end							
4	Progressive verification upto quarter end							
5	Balance pending at the quarter end by verification (3-4)							
6	Progressive no. of cases where short deduction payment or non payment detected upto quarter end							
7	Demand raised for collections in Rs. (000)							
8	No. of cases where interest u/s 201(1A) levied upto quarter end							
9	No. of cases where penalty levied upto quarter end							
10	No. of cases where prosecution proceedings initiated upto quarter end							

There should be a Blue Book for containing list of tax deductors and number of returns required to be filed by each tax deductor. Sum of such numbers is to be filed here.

		8. Insurance Com. (F.No. 26D, 26 E)	9. Payment to Non Res. (F.No. 27)	10. Deposits under N.S.S. ( F. No. 26F )	11. Repurchase of unit s by M.F. (F.No. 26G)	12. Com. of Brok (F.No. 261)	13. Half Yr. Part (F.No. 27EA,27EB, 27EC, 27ED)	14. Total From 1 to 13
1	Opening Balance as on Ist April							
2	Adjusted progressive addions upto quarter end (including trf. in/trf. out)							
3	Progressive work load upto quarter end							
4	Progressive verification upto quarter end							
5	Balance pending at the quarter end by verification (3-4)							
6	Progressive no. of cases where short deduction payment or non payment detected upto quarter end							
7	Demand raised for collections in Rs. (000)							
8	No. of cases where interest u/s 201(1A) levied upto quarter end							
9	No. of cases where penalty levied upto quarter end							
10	No. of cases where prosecution proceedings initiated upto quarter end							

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III. DEMAND & COLLECTION OF TDS (ARR & CUR) (AMT. IN RS. 000 )

		ARREAR DEMAND				CURRENT DEMAND			
		Short Collection/Short Payment/ Non-payment	Penalty	Interest	Total	Short Collection/Short Payment/ Non-payment	Penalty	Interest	Total
1	Arrear Demand as on 1st April / Current Demand raised upto quarter end in Rs. (000)								
2	Progressive variation upto quarter end due to trf. in/trf. out (Put + as reqd.)								
3	Reduction in demand due to appeal, rectification etc.. upto the quarter end								
4	Balance for collection (1+2-3)								
5	Collection upto Qtr. end out of 4 above								
6	Balance demand pending for collection								

D. Progressive Demand and Collection (Amount in Rs. 000)

I. DEMAND AND COLLECTION		Income Tax	Corporation Tax			Income Tax	Corporation Tax
(a) Arrear							
1 B/F as on 1st April	1. Tax*			5. Cash collection including adjustment of refunds upto the quarter end	1. Tax*		
	2. Interest**				2. Interest**		
	3. Others***				3. Others***		
	4. Total				4. Total		
2. Variation due to verification reconciliation, transfer in or transfer out (add ±)	1. Tax*			6. Balance Cfd. to next Quarter (4 - 5)	1. Tax*		
	2. Interest**				2. Interest**		
	3. Others***				3. Others***		
	4. Total				4. Total		
3. Reduction in demand due to Appeal/rectification etc. upto the quarter end	1. Tax*			(b) Current	1. Tax*		
	2. Interest**			7. Demand raised upto the Qtr. end	2. Interest**		
	3. Others***				3. Others***		
	4. Total				4. Total		
4. Balance for collection upto the quarter end (1+2+3)	1. Tax*			8. Variation due to verification / reconciliation / trf. in or trf. out (add ±)	1. Tax*		
	2. Interest**				2. Interest**		
	3. Others***				3. Others***		
	4. Total				4. Total		

- \* Tax includes surcharge but not EPT/BPT/SPT/Surtax/Annuity Deposit
- \*\* Includes interest under all relevant sections of Act.
- \*\*\* Includes penalty, fees, fines etc..

II Reasonwise analysis of outstanding demand at quarter end

		Income Tax	Corporation Tax			Income Tax	Corporation Tax
9. Credit of Pre-assessment collection upto the Quarter end	1. Tax*			12. Cash collection including adjustment of refund upto the Quarter end	1. Tax*		
	2. Interest**				2. Interest**		
	3. Others***				3. Others***		
	4. Total				4. Total		
10. Reduction in demand due to Appeal / Rectification etc.. upto the quarter end (excluding 9 above)	1. Tax*			13. Balance of Current demand Cfd. to next Quarter	1. Tax*		
	2. Interest**				2. Interest**		
	3. Others***				3. Others***		
	4. Total				4. Total		
11. Balance for collection upto the Quarter end (7+8-9-10)	1. Tax*			14. Summary upto Quarter end			
	2. Interest**			1. Gross demand for collection			
	3. Others***			2. Gross reduction			
	4. Total			3. Gross Cash collection			
				4. Demand Cfd. to next quarter			

\* Tax includes surcharge but not EPT/BPT/SPT/Surtax/Annuity Deposit

\*\* Includes interest under all relevant sections of Act.

\*\*\* Includes penalty, fees, fines etc..

		Income Tax	Corporati on Tax			Income Tax	Corporati on Tax
1 Total demand outstanding at the quarter end	Arrear			(iv) by IT Authorities due to Appeals/revision	Arrear		
	Current				Current		
2. Amount not fallen due (i) because of stay granted by the court from stage of issue	Arrear			(v) DIT claims	Arrear		
	Current				Current		
(ii) in other cases	Arrear			(vi) Restriction on remittances	Arrear		
	Current				Current		
(iii) Total	Arrear			(vii) Protective assessments	Arrear		
	Current				Current		
3 Amount claimed to have been paid pending verification	Arrear			(viii) Pending disposal of applications for recognition of P.F. etc..	Arrear		
	Current				Current		
4 Amount for which instalments have been granted	Arrear			(ix) Other covered by Section 220(2) 273A etc..	Arrear		
	Current				Current		
5 Amount stayed/kept in abeyance				(x) Total (i to ix)	Arrear		
(i) by court	Arrear				Current		
	Current			6. Grand total [2(iii)+3+4+5(x)]	Arrear		
(ii) Settlement Commission	Arrear				Current		
	Current			7. Tax in arrear (1-6)	Arrear		

(iii)	by ITAT	Arrear				Current		
		Current						

III AMOUNT WISE ANALYSIS OF THE OUTSTANDING DEMAND AT THE END OF THE QUARTER (Rs. in 000)				IV AGE WISE ANALYSIS OF ARREAR DEMAND AT THE END OF THE QUARTER			
		Income Tax	Corporati on Tax			Income Tax	Corporati on Tax
1 Case upto 1,00,000 (Gross)	Number			1. Over 1 Year but less than 2 year	1. Tax*		
	Gross Arrears				2. Interest**		
	Net Arrears				3. Others***		
2. Over Rs. 1,00,000 but not exceeding Rs. 10 Lakhs (Gross)	Number				4. Total		
	Gross Arrears			2. Over 2 Year but less than 5 year	1. Tax*		
	Net Arrears				2. Interest**		
3. Over Rs. 10 Lakhs but not exceeding Rs. 1 Crore (Gross)	Number				3. Others***		
	Gross Arrears				4. Total		
	Net Arrears			3. Over 5 Year but less than 10 year	1. Tax*		
4. Over Rs. 1 Crore (Gross)	Number				2. Interest**		
	Gross Arrears				3. Others***		
	Net Arrears				4. Total		
				4. Over 10 Year	1. Tax*		
5 1 to 4	Number				2. Interest**		
	Gross Arrears				3. Others***		
	Net Arrears				4. Total		
					1. Tax*		

					5. Total 1 to 4		
						2. Interest**	
						3. Others***	
						4. Total	

\* Tax includes surcharge but not EPT/BPT/SPT/Surtax/Annuity Deposit

\*\* Includes interest under all relevant sections of Act.

\*\*\* Includes penalty, fees, fines etc.

V AGE WISE ANALYSIS OF REDUCTION /COLLECTION MADE OUT OF ARREAR DEMAND AT THE END OF THE QUARTER					VI CLASSIFICATION OF ARREARS (AMOUNT IN Rs. 000)			
			Income Tax	Corporation Tax			Income Tax	Corporation Tax
A. Over 1 Year but less than 2 year	1. Tax*				1. Amt due pending consideration write off/ scaling down			
	2. Interst**							
	3. Others***							
	4. Total							
B. Over 2 Year but less than 5 year	1. Tax*				E PROCEEDING (PROGRESSIVE UPTO THE QUARTER END)			
	2. Interst**							
	3. Others***							
	4. Total							
C. Over 5 Year but less than 10 year)	1. Tax*				I WORKLOAD & DISPOSAL			
	2. Interst**						Income Tax	
	3. Others***				1. Penalties for concealment	Workload		
	4. Total					Disposal		
D. Over 10 Year	1. Tax*					Balance		
	2. Interst**				2. Other Penalties	Workload		
	3. Others***					Disposal		
	4. Total					Balance		
E. Total 1 to 4	1. Tax*				3. Total	Workload		
	2. Interst**					Disposal		
	3. Others***					Balance		
	4. Total							

NOTE : The figures shown above against item E. 'Total' should tally with item 3+5 ( i.e. Reduction in demand due to appeal, rectification etc.. upto the quater end' plus cash collection including adjustments of refunds upto the quarter end) in para A-11 item 'D'Q.P.R. Para'A'

II ANALYSIS OF PENALTIES IMPOSED			F. MISCELLANEOUS WORK ( PROGRESSIVE, UPTO THE QUARTER END)				
			Income Tax		Workload	Disposal	Balance of the Q end
1	Penalties for concealment	Number of Cases		1	Application for TAN		
		Amount (Rs.000)		2	Rectification		
2	Other Penalties	Number of Cases		3	Appeals effects		
		Amount (Rs.000)		2. <u>Under I.T. Act</u>			
III ANALYSIS OF PENDING PENALTIES				1	Appellate/revision orders		
1 For Concealment pending for	A. 6 Months			2	Rectification u/s 154		
	B. More than 6 months			3	Application u/s 80A		
	C. Disposal of Quantum appeal			4	Application u/s 230 A		
2 Other Penalties Pending for	A. 6 Months			5	Remand reports		
	B. More than 6 months			3. <u>General</u>			
	C. Disposal of Quantum appeal			1	Direct Refund Claiming		
3. Total Penalties Pending for	A. 6 Months			2	Application for DIT relief		
	B. More than 6 months			3	Application for Exemption Certificates		
	C. Disposal of Quantum appeal			4	Application for Clearance Certificates		
				5	Intimation slips		
				6	Tax Evasion Petitions		
				7	Application for PAN		

**AGE WISE ANALYSIS OF REDUCTION / COLLECTION MADE OUT OF ARREAR DEMAND  
AT THE END OF \_\_\_\_\_**

Rs. in Crores

				Income Tax	Corporation Tax	Total
--	--	--	--	------------	-----------------	-------

A	Over 1 Year but less than 2 year	1	Tax			
		2	Interest			
		3	Others			
		4	Total			
B	Over 2 Year but less than 5 year	1	Tax			
		2	Interest			
		3	Others			
		4	Total			
C	Over 5 Year but less than 10 year	1	Tax			
		2	Interest			
		3	Others			
		4	Total			
D	Over 10 Year	1	Tax			
		2	Interest			
		3	Others			
		4	Total			
E	Total	1	Tax			
		2	Interest			
		3	Others			
		4	Total			

**Annexure-IX**

Quarterly Progress Report  
[ (Part-B) Other Taxes ]

(Due on 20th of the month following the end of the quarter in the Board )

Quarter	I	II	III	IV
---------	---	----	-----	----

Year				
------	--	--	--	--

CCIT Name :	
CCIT Address :	

Fax No.
Telephone No.
E-mail

No of CIT Charges Covered	
---------------------------	--

Details of Charges Covered		
S.No.	Name of Charges	Telephone No. / Fax No.
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

**A. General**

1. Deployment of Officers	Sanctioned Strength		Working Strength		Man-days Spent on		
	1. Asst. duty	2. N.A. duty	1. Asst. duty	2. N.A. duty	1. Duty in all	2. Asst. Duty alone	3. In Head Quarters
Additional Commissioner/ Dy. Commissioner/ Jt. Commissioner							
Assistant Commissioner							
Income Tax Officer							

**B. Wealth Tax**

**I. ASSESSEES ON RECORD UNDER WEALTH TAX ACT UPTO QUARTER END**

		INDIVIDUAL		HUF		COMPANIES		TOTAL
		Having Agriculture Assets	Others	Having Agriculture Assets	Others	Having Agriculture Assets	Others	
1	Number B/f as on 1st April							
2	Variation due to Tr. in/Tr. out/struck off (Add +)							
3	Addition upto Quarter end							
4	Total Assesseees (1+2+3)							
5	Ineffective Assesseees (where proceeding may not be initiated)							
6	Number of Assesseees (4-5)							
7	Assesseees who filed returns voluntarily for the current year							
8	Balance (6 - 7)							
9	Number of notices issued u/s 16(4) (i)							

**II. ANALYSIS OF WORKLOAD OF WEALTH TAX ASST.**

(A) ARREAR		INDIVIDUAL		HUF		COMPANIES		TOTAL
		Having Agriculture Assets	Others	Having Agriculture Assets	Others	Having Agriculture Assets	Others	

1	B/f as on 1st April _____							
2	Variation due to Tr. in/Tr. out							
3	Balance (1 + 2)							
4	Time barring out of Arrears (3)							

(B) CURRENT

1	Return rd. vdu. upto Quarter end							
2	Notices issued 16(4) (i)/17							
3	Set aside in appeal/Ren. etc..							
4	Variation due to tr. in/tr. out							
5	Total current (1+2+3+4)							
6	Total (Arrear+current) [a(3)+b(5)]							

III. DISPOSAL OF ASSESSMENTS UPTO QUARTER END(a) Disposal

1. Arrear	u/s 16(1)							
	us/16(3)/16(5)							
2. Current	u/s 16(1)							
	us/16(3)/16(5)							
3. Total	u/s 16(1)							
	us/16(3)/16(5)							
4. Time barring out of 3	u/s 16(1)							
	us/16(3)/16(5)							

(b) Disposal of cases of Wealth of Rs. 5 lacs and above out of

		INDIVIDUAL		HUF		COMPANIES		TOTAL
		Having Agriculture Assets	Others	Having Agriculture Assets	Others	Having Agriculture Assets	Others	

1	Arrear							
2	Current							
3	Total							
4	Time barring							

(c) Balance of the Quarter end

1	Arrear							
2	Current							
3	Total							
4	Time barring							

C GIFT TAX

I No. of assesseees on record

		1. Individual	2. HUF	3. Companies	4. Firms	5. AOPs/Others	6. Trust
1	Number B/f as on 1st April _____						
2	Variation due to Tr. in/Tr. out/struck off (Add $\pm$ )						
3	Addition upto Quarter end						
4	Balance as at the Quarter end (1+2 $\pm$ 3)						
5	No. who have made advance payment u/s 18 upto Quarter end.						

II. WORKLOAD DISPOSAL OF GT ASSTT.

(A) WORKLOAD			1. Individual	2. HUF	3. Companies	4. Firm	5. AOPs/ Others	6. Trust
1	B/F as on 1st April additions upto the quarter end	Arrear						
		Current						

2	Variation due to tfr. in/tfr. out (add ±)	Arrear						
		Current						
3	Workload upto Quarter end (1±2)	Arrear						
		Current						

(B) DISPOSAL			1. Individual	2. HUF	3. Companies	4. Firm	5. AOPs/ Others	6. Trust
1	Upto Quarter end	Arrear						
		Current						
2	Balance (a3-b1) at the Quarter end	Arrear						
		Current						
3	Time Barring	Disposal						
		Balance at the end of the Quarter						

## D ESTATE DUTY

### I WORKLOAD & DISPOSAL OF ASSESSMENT UPTO QUARTER END

1	No. of B/F as on 1st April _____	
2	Variation due to tfr. in/tfr. out/ struct off (add ±)	
3	Net Workload upto Quarter end (1±2)	
4	Disposal at Quarter end	
5	Balance at the Quarter end	

### II ANALYSIS OF DISPOSAL

	Below Dutiable Limit	Above Dutiable Limit	Between 2 to 5 lakhs	Between 5 to 10 lakhs	Between 10 to 25 lakhs	A
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		below 2 lakhs				
No. of assessed cases with Principal value of estate in Rs. _____						

### III ANALYSIS OF PENDENCY

1998-99	1997-98	1996-97	1995-96	Earlier Years

### E. SUPER PROFIT TAX AND SUR TAX

I. WORKLOAD AND DISPOSAL OF ASSESSMENT		PROVISION			REGULAR		
		Arrear	Current	Total	Arrear	Current	Total
1	No. B/f as on 1st April/raised upto Qtr end						
2	Variation due to Tfr. in/Tfr. out (Add ±)						
3	Net Work load upto Qtr. end						
4	Disposal at Qtr. end						
5	Balance at the Qtr. end						

II. BREAKUP OF THE BALANCE	I.T. Asstt. Completed	S.P.T. Others	Total	I.T. Asstt. Completed	S.T. Others	Total

### F. INTEREST TAX

I. ASSESSEE ON RECORD		BANKS		FINANCIAL INSTITUTIONS		OTHERS	
		Resident	Non-Resident	Resident	Non-Resident	Resident	Non-Resident
1	Schedules Bank/F.I. as on 1st April _____						

2	No. of case exempted u/s 28						
3	No. of cases liable for tax (1-2)						
4	No. of voluntary returns received u/s7(1) upto Qtr. end						
5	No. of notices issued u/s 7(2)						

**II. WORK LOAD & DISPOSAL OF ASSESSMENTS UPTO QUARTER END**

**A. ARREAR**

1	Arrear B/F as on April_____	
2	Tfd. in/tfd. out	
3	Balance for Disposal	
4	Disposal out of (3) above	
5	Balance c/f at the end of the Quarter	
6	Total balance a (5) + b (6)	

**B. CURRENT**

1	Returns received	
2	Notices issued	
3	Tfd. in/tfd out	
4	For disposal	
5	Disposal out of (4) above	
6	Balance ( 4 - 5 )	

**G. EXPENDITURE TAX**

I. WORKLOAD & DISPOSAL OF ASSESSMENT	WORKLOAD			DISPOSAL			BALANCE		
	Arrear	Current	Total	Arrear	Current	Total	Arrear	Current	Total

II. ANALYSIS OF TIME BARRING	WORKLOAD		DISPOSAL		BALANCE	
	Time Barring	Others	Time Barring	Others	Time Barring	Others

III. ANALYSIS OF WORKLOAD DISPOSAL AND BALANCE	Company	Individual	HUF	Firms	Trusts	O

(STATUS WISE)							
	Workload						
	Disposal						
	Balance						

IV. ANALYSIS OF WORKLOAD DISPOSAL AND BALANCE (SET ASIDE/REOPENED ETC.)		1. Set aside	2. Time Barring out of 1	3. Reopened	4. Time Barring out of 3	5. Others	6. Tim ou
	Workload						
	Disposal						
	Balance						

H. HOTEL RECEIPT TAX

I. WORKLOAD & DISPOSAL OF ASSESSMENT	WORKLOAD		DISPOSAL		BALANCE	
	Arrear	Current	Arrear	Current	Arrear	Current
Total						

II. ANALYSIS OF TIME BARRING

III. ANALYSIS OF WORKLOAD DISPOSAL AND BALANCE (STATUS WISE)		Company	Individual	HUF	Firms	Trusts	O
	Workload						
	Disposal						
	Balance						

IV. ANALYSIS OF WORKLOAD DISPOSAL AND BALANCE (SET ASIDE /REOPENED ETC. )		1. Set aside	2. Time Barring out of 1	3. Reopened	4. Time Barring out of 3	5. Others	6. Tim ou
	Workload						
	Disposal						
	Balance						

I. PROGRESSIVE DEMAND AND COLLECTION ( AMOUNT IN Rs. 000)

1. Demand and collection(a ) Arrear			WEALTH TAX	GIFT TAX	EXP. TAX	INTEREST TAX
1	B/F as on 1st April	1	Tax *			
		2	Interest **			
		3	Others ***			
		4	Total			
2	Variation due to verification/ reconciliation/transfer in or transfer out ( add + or -)	1	Tax *			
		2	Interest **			
		3	Others ***			
		4	Total			
3	Reduction in demand due to appeal/rectification etc.. upto the Quarter end	1	Tax *			
		2	Interest **			
		3	Others ***			
		4	Total			
4	Balance for collection upto Quarter end (1+2-3)	1	Tax *			
		2	Interest **			
		3	Others ***			
		4	Total			
5	Cash Collection including adjustment of refunds upto the Quarter end	1	Tax *			
		2	Interest **			
		3	Others ***			
		4	Total			
		1	Tax *			

6	Balance Cfd. to next Quarter (4-5)					
		2 Interest * *				
		3 Others * * *				
		4 Total				
(b) Current						
7	Demand raised upto the Quarter end	1 Tax *				
		2 Interest * *				
		3 Others * * *				
		4 Total				
8	Variation due to verification/reconciliation /transfer in or transfer out (add + or -)	1 Tax *				
		2 Interest * *				
		3 Others * * *				
		4 Total				
9	Credit for Pre-assessment collection upto the Quarter end	1 Tax *				
		2 Interest * *				
		3 Others * * *				
		4 Total				
10	Reduction in demand due to appeal / rectification etc.. upto the Quarter and (excluding 9 above)	1 Tax *				
		2 Interest * *				
		3 Others * * *				
		4 Total				
11	Balance for collection upto the Quarter end (7+8+9-10)	1 Tax *				
		2 Interest * *				
		3 Others * * *				
		4 Total				
12	Cash collection including	1 Tax *				

	adjustment of refunds upto the Quarter end					
		2 Interest **				
		3 Others ***				
		4 Total				
13	Balance of current demand Cfd. to next Quarter.	1 Tax *				
		2 Interest **				
		3 Others ***				
		4 Total				
<p>* Tax includes surcharge but not EPT/BPT/SPT/Annuity Deposit  ** Includes interest under all relevant sections of Acts  *** Includes penalty, fees, fines etc..</p>						

14	Summary upto Quarter end				
1	Gross demand for collection/reduction				
2	Gross reduction				
3	Gross Cash Collection				
4	Demand cfd. to next Quarter				

II REASONS WISE ANALYSIS OF OUTSTANDING DEMAND AT QUARTER END

			WEALTH TAX	GIFT TAX	EXP. TAX	INTEREST TAX
1	Total Demand outstanding at the Quarter end	Arrear				
		Current				
2 (i)	Amount not fallen due Because of stay granted by the court from stage of service	Arrear				
		Current				
(ii)	In other cases	Arrear				
		Current				
(iii)	Total	Arrear				
		Current				

3	Amount claimed to have been paid pending verification	Arrear				
		Current				
4	Amount for which instalments have been granted	Arrear				
		Current				
5	Amount stayed/kept in abeyance	Arrear				
		Current				
(i)	By Court	Arrear				
		Current				
(ii)	Settlement Commission	Arrear				
		Current				
(iii)	By Tribunal	Arrear				
		Current				
(iv)	by IT authorities due to appeal/revision	Arrear				
		Current				
(v)	Protective Assessment	Arrear				
		Current				
(vi)	Final decision still pending	Arrear				
		Current				
(vii)	Total ( i to vi )	Arrear				
		Current				
6	Grand total [2(iii)+3+4+5]	Arrear				
		Current				
7	Tax in Arrear ( 1 - 6 )	Arrear				
		Current				

III AMOUNT WISE ANALYSIS OF OUTSTANDING DEMAND AT THE END OF THE QUARTER

		WEALTH TAX	GIFT TAX	EXP. TAX	INTEREST TAX
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1	Cases upto 1,00,000 (Gross)	Number				
		Gross Arrears (Rs.000)				
		Net Arrears (Rs. 000)				
2	Over Rs. 1,00,000 but not exceeding Rs.10 lakhs (Gross)	Number				
		Gross Arrears (Rs.000)				
		Net Arrears (Rs. 000)				
3	Over Rs. 10 lakhs but not exceeding Rs.1 crore (Gross)	Number				
		Gross Arrears (Rs.000)				
		Net Arrears (Rs. 000)				
4	Over Rs. 1 crore (Gross)	Number				
		Gross Arrears (Rs.000)				
		Net Arrears (Rs. 000)				
5	Total (1 to 4 )	Number				
		Gross Arrears (Rs.000)				
		Net Arrears (Rs. 000)				

IV. AGE WISE ANALYSIS OF OUTSTANDING DEMAND AT THE END OF THE QUARTER.

ARREAR DEMAND			WEALTH TAX	GIFT TAX	EXP. TAX	INTEREST TAX
1	Over 1 year but less than 2 years	1 Tax *				
		2 Interest **				
		3 Others ***				
		4 Total				
2	Over 2 years but less than 5 years	1 Tax *				
		2 Interest **				
		3 Others ***				
		4 Total				
3	Over 5 years but less than 10 years	1 Tax *				

		2	Interest * *				
		3	Others * * *				
		4	Total				
4	Over 10 years	1	Tax *				
		2	Interest * *				
		3	Others * * *				
		4	Total				
5	Total 1 to 4	1	Tax *				
		2	Interest * *				
		3	Others * * *				
		4	Total				

V CLASSIFICATION OF ARREARS (AMT IN Rs. 000)

		WEALTH TAX	GIFT TAX	EXP. TAX	INTEREST TAX
1	Amount due from companies pending consideration write off/scaling down				

		WEALTH TAX	GIFT TAX	EXP. TAX	INTEREST TAX
2	Amount due from non-company assessee consideration write off/scaling down				

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J. TAX COLLECTION AT SOURCE UNDER EXPENDITURE TAX ACT		No. of Tax collectors as on 1st April	Adjusted progressive additions upto Q end	Effective Tax Collectors (1 + 2)	No. of returns required to be filed by tax collection at 3	Returns received upto Q end	Balance (4 - 5)
		1	2	3	4	5	6
(I)	Effective Tax Collectors						

	Opening Balance as on 1st April	Adjusted Progressive additions (including tr.in/tr.out)	Progressive workload upto Q end	Progressive verifications upto Q end	Balance pending at the Q end for verification (3-4)	Progressive No. of cases where short collections/ payment	Demand raised for collection in Rs. (000)	No. of cases where int. levied upto Q end	No. of cases where penalty levied upto Q end	No. cases where Prosecution proceedings initiated upto Q end
	1	2	3	4	5	6	7	8	9	10
II Statement of Returns & Verification (#)										

III DEMAND AND COLLECTION OF TDS (ARREAR & CURRENT) (AMOUNT IN Rs. 000)		ARREAR DEMAND				CURRENT DEMAND			
		Short collection/short payment/Non payment	Penalty	Interest	Total	Short collection/short payment/Non payment	Penalty	Interest	Total
1	Arrear Demand as on 1st April/Current Demand raised upto Quarter end in Rs.(000)								
2	Progressive variations upto quarter end								

	due to tr.in/tr. out (put+ as reqn.)								
3	Reduction in demand due to appeal, rectification etc., upto the quarter end.								
4	Balance for collection (1+2+3)								
5	Collection upto Quarter end out of 4 above								
6	Balance Demand pending for collection								

( BANK FINANCIAL INSTITUTIONS AND OTHERS )

IV DEMAND & COLLECTION (INT.TAX) (AMT IN Rs. 000)		Arrear		Current		Total	
		Resident	Non Resident	Resident	Non Resident	Resident	Non Resident
1	Gross Demand B/F raised upto Quarter end						
2	Reduction due to any reason upto Quarter end						
3	Demand for collection upto the Quarter end						
4	Cash Collection upto Quarter end						
5	Demand C/F to next Quarter						

K. PROGRESSIVE DEMAND AND COLLECTION UNDER RESIDUARY ACTS (AMOUNT IN Rs. 000)

1. Demand and collection (a) Arrear Demand			Estate Duty (Provisional)	Estate Duty (Regular)	Hotel Receipt Tax	SPT/ST	EPT/DPT	Others @
1	B/F as on 1st April	1 Tax *						
		2 Interest **						
		3 Others ***						
		4 Total						
2	Reduction due to tr.in/tr. Out appeal effective write off/pre-assessment collection/cancellation after regular assessment/provisional	1 Tax *						

	assessment/remission etc..							
		2 Interest * *						
		3 Others * * *						
		4 Total						
3	Cash collection upto the quarter end	1 Tax *						
		2 Interest * *						
		3 Others * * *						
		4 Total						
4	Balance carried forward to next quarter	1 Tax *						
		2 Interest * *						
		3 Others * * *						
		4 Total						
<b>(b) Current Demand</b>								
5	Current Demand raised upto the Quarter end	1 Tax *						
		2 Interest * *						
		3 Others * * *						
		4 Total						
6	Reduction due to tr.in/tr. Out appeal effective write off/pre-assessment collection/cancellation after regular assessment/provisional assessment/remission etc..	1 Tax *						
		2 Interest * *						
		3 Others * * *						
		4 Total						
7	Cash collection upto the quarter end	1 Tax *						

		2	Interest * *					
		3	Others * * *					
		4	Total					
8	Balance carried forward to next quarter	1	Tax *					
		2	Interest * *					
		3	Others * * *					
		4	Total					

\* Tax includes surcharge but not EPT/BPT/SPT/Annuity Deposit

\*\* Includes penalty, fees, fines etc..

\*\*\* Includes interest under all relevant sections of Acts.

@ Others space left for separately according SPT/ST or EPT/BT wherever needed or for any other demand and collection such as annuity deposit.

(c). SUMMARY UPTO QUARTER END			Estate Duty (Provisional)	Estate Duty (Regular)	Hotel Receipt Tax	SPT/ST	EPT/BT	Others
1	Gross Demand from collection/reduction	Arrear						
		Current						
		Total						
2	Gross reduction (other than cash)	Arrear						
		Current						
		Total						
3	Cash Collection	Arrear						
		Current						
		Total						
4	Gross Demand C/F to next Quarter	Arrear						
		Current						
		Total						
5	Out of 4 pending for consideration of write off/scaling down	Arrear						
		Current						
		Total						
6	Balance of Amount due for collection	Arrear						
		Current						
		Total						
7	Out of 6 unrealizable amount due to genuine hardship	Arrear						
		Current						
		Total						

		Current						
		Total						
		Total						
8	Balance of realizable amount	Arrear						
		Current						
		Total						
		Total						

L. PROCEEDING (PROGRESSIVE UPTO THE QUARTER END)

I. WORKLOAD & DISPOSAL			Wealth Tax	Gift Tax	Exp. Tax	Interest Tax	Estate Duty	Other Acts
1	Penalties for concealment	Workload						
		Disposal						
		Balance						
2	Other Penalties	Workload						
		Disposal						
		Balance						
3	Total	Workload						
		Disposal						
		Balance						

II. ANALYSIS OF PENALTIES IMPOSED								
			Wealth Tax	Gift Tax	Exp. Tax	Interest Tax	Estate Duty	Other Acts
1	Penalties for Concealment Amount in (Rs. 000)	No. of cases						
		Amount						
2	Other Penalties Amount in (Rs.000)	No. of cases						
		Amount						

III. ANALYSIS OF BALANCE PENDING								
			Wealth Tax	Gift Tax	Exp. Tax	Interest Tax	Estate Duty	Other Acts
1	Penalties for Concealment pending for	(a) 6 months						

		(b) more than 6 months						
		(c) Disposal of Quantum appeal						
2	Other penalties pending for	(a) 6 months						
		(b) more than 6 months						
		(c) Disposal of Quantum appeal						
3	Total penalties pending for	(a) 6 months						
		(b) more than 6 months						
		(c) Disposal of Quantum appeal						

P. MISCELLANEOUS WORK (PROGRESSIVE UPTO THE QUARTER END)

			Workload	Disposal	Balance at the Q end
I	Under W.T. Act	1. Rectification			
		2. Appeal effects			
II	Under G.T. Act	1. Rectification			
		2. Appeal effects			
III	Under Ed/Residuary Act	1. Rectification			
		2. Appeal effects			
IV	General	1. Direct Refund Claims			
		2. Applications for Exemption Certificates			
		3. Tax Evasion Petitions			

**Annexure-X**

**DOSSIER CASES ABOVE RS. 10 LAKHS BUT BELOW RS. 1 CRORE**

- 1 Name of the defaulter :
- 2 Status :
- 3 Assessment year :
- 4 Financial year in which demand was raised :
- 5 Gross Demand :
  - (i) Demand covered by stay by :
    - (a) Supreme Court :
    - (b) High Court :
    - (c) ITAT :
    - (d) Settlement Commission :
    - (e) Income Tax Authorities :
  - (ii) Covered by Installments :
  - (iii) Under verification :
  - (iv) Demand not fallen due :
  - (v) Reduction by appeal effect/rectification :
- 6 Demand disputed by tax payer in :
  - (i) Rectification :
  - (ii) Appeal :
  - (iii) Revision :
  - (iv) Covered by petitions for waiver of interest/penalties etc. :
- 7 Demand in respect of which recovery is difficult :  
i.e., co. under liquidation, insolvency proceedings or no assets for recovery or protective assessments
- 8 Total unrealisable and uncollectible demand :
- 9 Net collectible demand :
- 10 Cash collection :
- 11 Whether the demand is under EC the date of drawing up of the statement :
- 12 Nature of major additions :
- 13 Brief reasons why the demand shown in col. 9 could not be collected :
- 14 Areas in which help of the department of recovery DG(A), Member (R&A) is required :

Date :

Assessing Officer

Submitted to the Additional/Joint Commissioner of Income Tax.

**ANNEXURE-XI**

Office of the

\_\_\_\_\_  
\_\_\_\_\_

Date

No.

To

QUARTERLY REPORT ON REFERENCE TO VALUATION CELL FOR THE QUARTER ENDING \_\_\_\_\_

S.No.	Name & Address of the Assessee	Asstt. Year	Reference under IT/WT	Declare value of property and location	Date of reference	To whom referred
1	2	3	4	5	6	7

SIGNATURE

**Annexure- XII**

STATEMENT ON WRITE OFF OF ARREAR DEMAND OF Rs. 10,000 AND BELOW AS  
PER INSTRUCTION No. 1567 [F.No.375/15/ITB] DATED

REPORT FOR THE QUARTER ENDED

	No. of Assesseees	No. of entries	Total amount involved [Rs. 000]
Details of cases identified involving arrear demand of Rs.10,000/- and below for which recovery certificates were issued upto end of quarter			
Details of cases written off during the quarter			
Details of cases written off during the quarter			

**Annexure-XIII**

**STATEMENT REGARDING AGGREGATION OF AGRICULTURE INCOME WITH NON-AGRICULTURE INCOME**

REPORT FOR THE QUARTER ENDED :

Amount in thousand of (Rs. 000)

Income Group based on Assessed total income (Excluding Agricultural Income)	No. Of Assessment involving Aggregation of Agricultural Income Disposed of		Amount of Net Agricultural Income Aggregated		Additional Demand Resulting from Aggregation of Agricultural Income	
	During the Quarter	From 1st April to end of the quarter	During the Quarter	From 1st April to end of the Quarter	During the Quarter	From 1st April to end of the Quarter
Between [in Rs.]						
I. Upto 50000						
II. 50001 - 60000						
III. 60001 - 150000						
IV. 150001 - 500000						
V. 500001 - 1000000						
VI. Above 10 lakhs						
Total						

**Annexure- XIV**

**TAX RECOVERY WORK MONTHLY PROGRESS REPORT**

Office of the Commissioner of Income Tax

Dated :

CIT Charge :

For the month of

Number of working days in the month

Number of days spent by T.R.O. on

Leave	Representation before CIT/Tribunal/Courts	Training	Journey time on tour	Other work (Specify)	Total

**CONTENTS**

PART :-

- I. Pendency and disposal of Recovery Certificates
- II. Attachment and sales
- III. Service of Demand Notices
- IV. Objection petitions
- V. Interest charged/collected
- VI. Results of periodical reconciliation
- VII. Additional information to be furnished by CIT-I

**PART 1 : PENDENCY AND DISPOSAL OF RECOVERY CERTIFICATES**

A	Pendency	Number of Certificates	Amount involved (Rs. in thousands)
	(1)	(2)	(3)

- 1 Certificates pending as on 1st April, 1998
- 2 Certificates received during the month :
  - (a) On transfer from
  - (b) Others
  - (c) Total (a + b)
- 3 Certificates received upto the end of the month :
  - (a) On transfer from other TROs
  - (b) Others
  - (c) Total (a + b)
- 4 Total [ 1 + 3 (c) ]
- 5 Certificates transferred to other TROs
- 6 Balance pending (4 - 5 )
  - (a) Number of Certificates
  - (b) Number of defaulters involved
7. Year wise classification of pending Certificates (item 6 above)

Year of receipt of recovery Certificates (current year and 8 preceding years)	Number of Certificates	Amount involved (Rs. in thousands )
--	------------------------	--



	from ITOs		
(d)	Cases of doubtful recovery		
(e)	Others		
(f)	Total	0	

Note:- Items 7, 8 and 9 to be furnished in the reports of June, September, December and March

B	Disposal	Disposal during the month		Progressive disposal	
		No. of Certificates	No. of defaulters	No. of Certificates	No. of default
1	Number of Certificate reduced :				
	(a) By Certificates returned to ITO as irrecoverable				
	(b) By disposal off wholly				
	(c) Total (a + b)				

2	Amount or arrear reduced	During the month (Rs. in thousand)	Progressive upto the end of the month (Rs. in thousand)
	1	2	3
(a)	In Certificate returned to ITOs (Item 1 (a) above)		
(b)	By cash collection :		
	(i) In respect of Certificates wholly disposed off		
	(ii) In respect of Certificates partly disposed off		
	(iii) total ( i + ii)		
(c)	By rectification, appeal effects or adjustments etc.		
	(i) In respect of Certificates wholly disposed off		
	(ii) In respect of Certificates partly disposed off		
	(iii) total ( i + ii)		

3. Analysis of certificates wholly disposed off item 1 (b) of [B] above

CATEGORY

NATURE OF ACTION

CERTIFICATES FINALLY

DISPOSED OFF

During the month  
No. SU

Upto the end of the month  
No. SU

1. (i) ITCP-1 not issued  
(ii) ITCP -1 issued
2. Rent/Bank accounts attached
3. (i) Movable property attached  
(ii) Movable property sold  
(iii) Receiver appointed
4. (i) Immovable property attached  
(ii) Proclamation for sale of immovable property issued  
(iii) Immovable property sold  
(iv) Receiver appointed
5. (i) Proceedings for arrest & detention commenced  
(ii) Defaulter committed to prison
6. TOTAL

\* standard unit

- i) 100 Certificates in Category 1
- ii) 50 Certificates in Category 2
- iii) 33 Certificates in Category 3
- iv) 10 Certificates in Category 4
- v) 25 Certificates in Category 5

**PART II : ATTACHMENT AND SALES**

**A. Attachment of movable properties**

Particulars	Number of cases	Approximate value of attached goods (Rs. in thousands )
-------------	-----------------	--

- (i) Cases which attachment was made :
  - (a) Upto 1st of the month
  - (b) During the month
  - (c) Total (a + b )
- (ii) Cases in (i) above in which attached properties were not sold for over 6 months

**B. Attachment of immovable properties**

Particulars	Number of cases	Approximate value of attached goods (Rs. in thousands )
-------------	-----------------	--

- (i) Cases which properties were attached :
  - (a) Upto 1st of the month
  - (b) During the month
  - (c) Total (a + b )
- (ii) Cases in (i) above not sold for :
  - (a) Over one year
  - (b) Over three years

**C. Sales of movable and immovable properties**

Particulars	No. of cases	No. of properties	Value of re (Rs. in thou:
-------------	--------------	-------------------	------------------------------

- (i) Sales conducted during the month :
  - (a) Movable
  - (b) Immovable
- (ii) Cases of poundage collected (vide Rule 57 of the ITCP rules)
  - (a) No. of cases in which poundage was collected
  - (b) Amount collected

**D. Cases in which receiver appointed**

	Number of cases	Amount involved (in thousands)
--	-----------------	-----------------------------------

- (a) Upto the beginning of the month
- (b) During the month
- (c) Total (a + b )

**E. Defaulters against whom arrest proceedings initiated**

	Number of cases	Amount involved (in thousands)
--	-----------------	-----------------------------------

- (a) Upto the beginning of the month
- (b) During the month
- (c) Total (a + b )

Note :- Each attachment warrant should be treated as a separate case.

**PART III : SERVICE OF DEMAND NOTICES**

1	Total number of cases in which ITCP-1 Notices were pending for service as on 1st April, 1998	:	
2	Number of fresh Certificates received upto the end of the previous month.	:	
3	Number of fresh Certificates received during the month	:	
4	Total ( 1 + 2 + 3 )	:	
5	Number of ITCP-1 notices served upto the end of the month	:	
6	Number of notices served during the month	:	
7	Total number served ( 5 + 6 )	:	
8	Transfers, if any	:	
9	Balance for service	:	
10	Out of (9) above, of ITCP-I notices pending for service for more than three months	:	

**PART IV : OBJECTION PETITIONS  
( FILLED BY TAX DEFAULTERS AND OTHER PARTIES )**

		Relating to movable property	Relating to immovable property	Total
1	Number pending as on 1st April, 1998			
2	Number added during the year upto the end of previous month			
3	Number added during the month			
4	Total for disposal ( 1 + 2 + 3 )			
5	Disposal upto the end of the previous month			
6	Disposal during the month			
7	Total disposal ( 5 + 6 )			
8	Balance pending for disposal ( 4 - 7 )			

**PART V : INTEREST/COSTS LEVIED AND COLLECTED  
BY TAX RECOVERY OFFICER**

		INTEREST		COSTS	
		No. of cases	Amount (000s)	No. of cases	Amount (000s)
1	Cases in which interest charged but not collected as on 1st April as adjusted for transfers in and out				
2	Cases in which interest/costs charged :				
	(a) During the month				
	(b) Upto the end of the month				
3	Cases in which recovery of interest/costs cases effected :				
	(a) During the month				
	(b) Upto the end of the month				
4	balance for collection [1 + 2(b) - 3(b)]				

**PART VI : RESULTS OF PERIODICAL RECONCILIATION**

		During the month	Upto the end of the month
1	Number of meetings held by		
	(i) CsIT		
	(ii) DCsIT		
2	Number of entries reconciled by T.R.O.		
3	Number of ITO charges for which reconciliation was effected		
4	Amount involved in (3) above (Rs. in thousands)		
	(i) As per TRO's Register		
	(ii) As per ITO's register		
	(iii) difference ( i - ii )		
5	Amount in (iii) above reconciled and adjusted (Rs. in thousands)		

PART VII : ADDITIONAL INFORMATION TO BE FURNISHED BY CIT-I WITH THE  
CONSOLIDATED M.P.R. FOR EVERY MONTH

DEPLOYMENT OF TROs AND STAFF AS AT THE END OF THE MONTH :

- (a) Sanctioned Strength
- (b) Working Strength

	Sanction Strength	Number actually deployed
Inspectors		
Supervisors/Head Clerks		
STAs./TAs/UDCs		
LDCs		
Stenographers		
Notice servers		
Peons (Group 'D')		

( )  
Administrative Officer ( B & S)  
O/o Commissioner of Income Tax

Submitted to the Chief Commissioner of Income Tax

**Annexure- XV**

**TAX RECOVERY WORK QUARTERLY PROGRESS REPORT**

Pdl. NO. \_\_\_\_\_

For the period ended \_\_\_\_\_

Dated : \_\_\_\_\_

CIT Charge \_\_\_\_\_

IAC Range \_\_\_\_\_

No. of working days in the period \_\_\_\_\_

No of days spent by T.R.O. on \_\_\_\_\_

Leave	Representation before CIT / Tribunal/Courts	Training	Journey Time on Tour	Other work (Specify)	Total
1	2	3	4	5	6

**CONTENTS**

Part :-

- (i) Pendency and disposal of Recovery Certificates.
- (ii) Attachment and Sales.
- (iii) Service of Demand Notices.
- (iv) Objection petitions.
- (v) Interest charged/collected.
- (vi) Results of periodical reconciliation.
- (vii) Additional information to be furnished by CIT-1.

**PART -1 PENDENCY & DISPOSAL OF RECOVERY CERTIFICATES**

A	Pendency for Disposal	No. of Certificates	No. of Defaulters involved in Col.``2	Amount involved (RS. 000)
1	Certificates pending on 1st April			
2	Certificates received during the quarter			
	(a) On transfer from other T.R.Os.			
	(b) Others			
	(c) Total ( a + b)			
3	Certificates received, till the end of the quarter			
	(a) On transfer from other T.R.Os.			
	(b) Others			
	(c) Total ( a + b)			
4	Certificates transferred to other T.R.Os. till the end of the quarter.			
5	Total for disposal till the end of the quarter (1 +3 (c) - 4)			
B	Disposal	Disposal during the quarter		Progressive disposal till the end of the quarter
		No. of	No. of	No. of
				No. of

		certificates	Defaulters	certificates	Defaulters
1	No. of Certificates reduced :				
	(a) By Certificates returned to I.T.O.				
	(b) By disposed of wholly.				
	(c) Total ( a +b )				

2	Amount of Arrear Reduced	During the Quarter (Rs. 000)	Progressive upto end of the Quarter (Rs.000)
(a)	In Certificates returned to ITOs (Item 'A' above)		
(b)	By Cash Collection :		
	(i) In respect of Certificates wholly disposed of		
	(ii) In respect of Certificates partly disposed of		
	(iii) Total ( i ) + (ii)		
(c)	By Rectification appeal effects or adjustment etc.		
	(i) In respect of certificates wholly disposed of		
	(ii) In respect of Certificates partly disposed of		
	(iii) Total (i) + (ii)		
(d)	Total ( a + b + c )		

C	Pendency at the end of the period quarter		
1	(i) No. of Certificates pending (A5-B10)		
	(ii) Out of (i) No. of certificates partly disposed of		
2	Amount of arrears (Rs. 000)		
3	No. of defaulters involved 1 (i)		

D. Year-wise Classification of pending certificates :  
(Item C1(i) & C2 above)

Year of receipt of recovery (Current year and certificates & Preceding years)	No. of Certificates	No. of Defaulters	Amount (Rs.
Total			

**E Tax-wise and amount-wise analysis of Pending Certificates c1 (i) & c2 & c3 above)**

		Income Tax					Others	Total
		Other than Corporation Tax	Corporation Tax	Sur. Tax	Wealth Tax	Gift Tax		
		1	2	3	4	5		
1	Upto Rs.10,000/-							
	(i) No. of Certificates							
	(ii) No. of Defaulters.							
	(iii) Amount involved (Rs. 000)							
2	Over Rs.10,000/- upto Rs.1 lakh							
	(i) No. of Certificates.							
	(ii) No. of defaulters.							
	(iii) Amount involved (Rs. 000)							
3	Over Rs.1 lakh & upto Rs.5 lakhs							
	(i) No. of Certificates.							
	(ii) No. of Defaulters							
	(iii) Amount involved (Rs. 000)							
4	Over Rs.5 lakh & Upto Rs.10 lakh							
	(i) No. of Certificates.							
	(ii) No. of Defaulters							
	(iii) Amount involved (Rs. 000)							
5	Over Rs. 10 lakh							
	(i) No. of Certificates.							
	(ii) No. of Defaulters							
	(iii) Amount involved (Rs. 000)							
6	Total ( 1 to 5)							
	(i) No. of Certificates.							
	(ii) No. of Defaulters							
	(iii) Amount involved (Rs. 000)							

**F Reason-wise Analysis of Pending Certificates (out of Item C1(i) and C2 above) which are stayed or locked up.**

	Reasons	No. of Certificates	Amount involved (Rs. 000)
a	Stayed by Courts		
b	Stayed by other Authorities		
c	Pending for want of information from ITOs		
d	Cases of doubtful recovery		
e	Others		
f	Total		

Note :- Total No. of Certificate and amount of arrears shown in item D & E should tally with the figures shown at items C1 (i) (No. of Certificates) and C2 (Amount of arrears).

**G Analysis of Certificates wholly disposed of (Item B(1) (b) above)**

	Category nature of Action taken	Certificates finally disposed of			
		During the Quarter		upto the end of the Quarter	
1	(i) I.T.C.P. 1 not issued				
	(ii) I.T.C.P. 1 issued				
2	Rent/Bank Accounts attached				
3	(i) Movable property attached				
	(ii) Movable property sold				
	(iii) Receiver appointed				
4	(i) Immovable property attached				
	(ii) Proclamation for sale of immovable property issued				
	(iii) Immovable property sold.				
	(iv) Receiver appointed.				
5	(i) Proceedings for arrest & detention commenced.				
	(ii) Defaulter committed to prison				

\* Standard Unit

- (i) 100 Certificates in Category in 1
- (ii) 50 Certificates in Category in 2
- (iii) 33 Certificates in Category in 3
- (iv) 10 Certificates in Category in 4
- (v) 23 Certificates in Category in 5

## PART-II ATTACHMENT AND SALES

### A. Attachment of Movable Properties :

	PARTICULARS	No. of Cases	Approx. value of attached goods (in Rs. 000)
	1	2	3
<b>I</b>	Cases in which attachment was made :		
	(a) Cases in which attachment was made out which are pending on 1st April		
	(b) During the Quarter.		
	(c) Upto the end of Quarter		
	(d) Total ( a + c )		
<b>II</b>	Cases in (i) above in which attached properties were not sold for ever 6 months.		

**B. Attachment of Immovable Properties :**

	Particulars	No. of cases	No. of immovable properties	Approx. Value of attached properties (Rs.000)
I	Cases in which properties were attached :			
	(a) Cases in which attachment was made but which are pending for sale on 1st April.			
	(b) During the Quarter			
	(c) Upto end of the Quarter.			
	(d) (A + C)			
II	Cases in (i) above not sold for :			
	(a) Over one year			
	(b) Over three years.			

**C. Sales of Movable and Immovable Properties :**

	Particulars	No. of cases	No. of properties	Value realised (Rs.000)
	1	2	3	4
I	Sales conducted during the Quarter			
	(a) Movable			
	(b) Immovable			
II	Upto the end of the Quarter			
	(a) Movable			
	(b) Immovable			
2.1	Cases of poundage collected (vide rule 57 of ITCP Rules during the Quarter			
(a)	No. of cases in which poundage was collected.			
(b)	Amount collected (Rs.000)			
	(a) No. of cases in which poundage was collected.			
	(b) Amount collected (Rs. 000)			

D	Cases in which receiver appointed	No.	Amount involved (Rs.000)
	(a) During the Quarter		
	(b) Upto end of the Quarter		

E	Defaulters against whom arrest proceedings initiated	No.	Amount involved (Rs. 000)
	(a) During the Quarter		
	(b) Upto end of the Quarter		

Notes:- Each attachment warrant should be treated as a Separate case :

**PART - III SERVICE OF DEMAND NOTICES :**

1	Total number of cases in which ITCP-1 Notices		
---	---	--	--

	were pending for service on 1st April.		
2	No of Fresh Certificates received during the Quarter.		
3	No. of Fresh Certificates received upto and of the Quarter.		
4	Total ( 1 + 3 )		
5	No. of ITCP-1 Notices served during the Quarter.		
6	No. served upto end of the Quarter.		
7	Transfers, if any.		
8	Balance for service (4-6+7)		
9	Out of (8) above No. of ITCP-1 Notices pending for service for more than three months		

**PART-IV OBJECTION PETITIONS :**  
(Filed by Tax-defaulters and other parties)

		Relating to Movable property	Relating to Immovable Property	Total
		1	2	3
1	No. pending as on 1st April			
2	Fresh Petition added during the Quarter			
3	Fresh petition added upto the end of the Quarter			
4	Total for disposal (1+2+3)			
5	Disposal during the Quarter			
6	Progressive disposal upto the end of the Quarter			
7	Balance pending for disposal( 4 - 6 )			

**PART -V INTEREST / COST LEVIED AND COLLECTED BY T.R.O.**

		Interest		Costs	
		No. of Cases	Amount (Rs.000)	No. of Cases	Amount (Rs.000)
1	Cases in which interest/cost charged but not collected as on 1st April as adjusted for transfer in and out.				
2	Cases in which interest/cost charged :				
	(a) During the Quarter				
	(b) Upto the end of the Quarter				
3	Cases in which recovery of Interest/Cost effected :				
	(a) During the Quarter				
	(b) Upto the end of the Quarter				
4	Balance for collection (1+2) (b)-3(b)				

**PART -VI RESULTS OF PERIODICAL RECONCILIATION**

		During the Quarter	Upto the and of the Quarter
--	--	--------------------	-----------------------------

1	No. of meetings held by _____		
	(i) C.I.Ts.		
	(ii) I.A.Cs.		
2	No. of ITO charges for which Reconciliation was effected.		
3	No. of entries reconciled by the TRO		
4	Amount involved in (3) above (Rs.000)		
5	(i) As per TRO's Register		
	(ii) As per ITO's Register		
	(iii) Difference ( i - ii)		
6	Amount in (iii) above reconciled and adjusted (Rs.000)		

**PART -VII ADDITIONAL INFORMATION TO BE FURNISHED BY CIT WITH THE  
CONSOLIDATED REPORT FOR EVERY QUARTER**

**DEPLOYMENT OF TRO'S AND STAFF AS AT THE END OF THE PERIOD**

**TAX RECOVERY OFFICERS :-**

- (a) Sanctioned Strength
- (b) Working Strength

	Sanction Strength	Number actually deployed
Inspectors		
Supervisors		
UDCs		
LDCs		
Stenographers		
Notice servers		

Signature :  
Designation :

Submitted to the Commissioner of Income-tax.

**Annexure - XVI**

**INTERNAL AUDIT MONTHLY STATEMENT (IAMS)**

- (i) To be sent by AO to JCIT Range by 5th of following month
- (ii) To be sent by JCIT Range to CIT by 10th of the following month
- (iii) To be sent by CIT to CCIT by 15th of the following month

AUDITING OFFICER \_\_\_\_\_

MONTH \_\_\_\_\_

AUDITEE OFFICER \_\_\_\_\_

CHARGE \_\_\_\_\_

**PART-A AUDITING FUNCTIONS**

A: AUDITABLE CASES AND THEIR DISPOSAL	TARGET FOR AUDIT	pendency as on 1st April	Porg. Additions upto month end	Total	Prog. disp. upto month end	Balance at the month end	No. of objection raised + Tax effect			
							Major objections		Minor objections	
							No.	Amt. (000)	No.	Amt. (000)
a) above 25 lacs (50 lacs for metro charges)	Scrutiny cases-100% Non scrutiny -100%									
b) Company cases below 50,000 and Non-comp nay cases below 2 lacs	Scrutiny cases-100% Non-scrutiny-company 5% Non-company 2%									
c) Company cases from 50,000 to 10 lacs	Scrutiny cases-100% Non scrutiny -25%									
d) Non -company case from 2 lacs to 10 lacs	Scrutiny cases-100% Non scrutiny -10%									
e) Company and non-company cases exceeding 10 lacs other than (a) above	Scrutiny cases-100% Non scrutiny -100%									
f) Search & Seizure Cases	Scrutiny cases-100% Non scrutiny -100%									
g) Foreign companies	Scrutiny cases-100% Non scrutiny -100%									
h) Expenditure Tax	Scrutiny cases-100% Non scrutiny -20%									
i) W.T. Cases above 20 Lacs	Scrutiny cases-100% Non scrutiny -5%									
j) Sur-Tax (ii) Interest Tax (Old pending and scrutiny assessments)	Scrutiny cases-100% Non scrutiny -100%									
k) <u>TDS cases</u> i) upto 10 lacs ii) Rs. 10 lacs to 50 lacs iii) Rs. 50 lacs and above	<u>All cases</u> 10% 50% 100%									
l) <u>Refund cases</u> i) upto 1 lacs  ii) exceeding 1 lacs and upto 5 lacs iii) exceeding 5 lacs and upto 10 lacs iv) exceeding 10 lacs (20 lacs for Metro charges)	2% Salary cases 5% other 20% both for salary and others 50% both for salary and others 100% both for salary and others									
m) Grand total										

PART -B AUDITEE FUNCTIONS (AUDIT OBJECTIONS AND THEIR DISPOSAL)

		ARREAR PROGRESSIVE UPTO MONTH END			CURRENT	PROGRESSIVE	UPTO
		Work load	Settlement	Balance	MONTH END		
Internal Audit Major Objection with RE above Rs. 50,000/-	No. Amt.. (000)						
Internal Audit Minor Objection with RE between Rs. 5,000/- to Rs. 50,000/-	No. Amt.. (000)						
Internal Audit Minor Objection with RE below Rs. 5,000/-	No. Amt.. (000)						
Receipt Audit Major Objection	No. Amt.. (000)						
Receipt Audit Minor Objection	No. Amt.. (000)						

**Annexure- XVII****QUARTERLY AUDIT REPORT (QAR)**

AO will send to JCIT by 7th of the following quarter  
 JCIT will send to CIT by 12th of the following quarter

Quarter

CIT will send to CCIT by 17th of the following quarter

Charge

CCIT will send to DIT by 20th of the following quarter

OFFICE OF THE CHIEF COMMISSIONER OF INCOME-TAX  
 QUARTERLY AUDIT REPORT OF THE AUDIT WORK

1. AUDIT SET UP JCIT (RANGE) ASSESSING OFFICER

i) Sanctioned Strength \_\_\_\_\_

ii) Working Strength \_\_\_\_\_

2. AUDITABLE CASES AND THEIR DISPOSAL (Details to be provided as per proforma on the reverse side)

Pendency of auditable cases as on 1st April	Progressive additions upto quarter end	Total (1 + 2)	Progressive Disposal upto the quarter end	Balance at the quarter end	No. of objection raised and Tax effect			
					Major Objections		Minor Objections	
					No.	Amt. (000)	No.	Amt. (000)

3. AUDIT OBJECTIONS AND THEIR DISPOSAL

		ARREAR PROGRESSIVE UPTO QUARTER END			CURRENT PROGRESSIVE UPTO QUARTER END		
		Workload	Settlement	Balance	Workload	Settlement	Balance
Internal Audit Major objection with Tax effect above Rs. 50,000/-	No. Amt. (ooo)						
Internal Audit Minor objection with Tax effect between Rs. 5,000/- to Rs.50,000/-	No. Amt.. (000)						
Internal Audit Minor objection with Tax effect below Rs. 5,000/-	No. Amt. (ooo)						
Receipt Audit Major objection	No. Amt. (ooo)						
Receipt Audit Minor	No. Amt. (ooo)						

4. NO. OF MEETINGS WITH AG AND OBJECTIONS SETTLED UPTO QUARTER END (TOTAL)

Opening Balance with AG	No. of Meetings	Major objection settled	Minor objection settled	Pending with AG at the quarter end

5. ANALYSIS OF PENDING OBJECTIONS

		ARREAR OBJECTIONS			
		Internal Audit Major	Internal Audit Minor	Receipt Audit Major	Receipt Audit Minor
I) Pertaining to 97-98 and earlier years.	No. Amt. (ooo)				
II) Pertaining to 98-99	No. Amt. (ooo)				
III) Pertaining to 99-00	No. Amt. (ooo)				
IV) Pertaining to 00-01	No. Amt. (ooo)				
V) Pertaining to 01-02	No. Amt. (ooo)				
Total	No. Amt. (ooo)				

**Annexure- XVIII**

**STATISTICAL DATA FOR INCLUSION IN C&AG's REPORT**

YEAR :

CCIT - NAME	
( Cadre Controlling)	

FAX NO.
TELEPHONE NO
E-mail

No. of CCIT & DGIT Charges covered
------------------------------------

Details of CCIT & DGIT Charges covered

S. No.	Name of CC/DG Charges	Telephone No./Fax No.
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

To

The Chief Statistical Advisor  
Directorate of Income Tax (RSP&PR)  
3rd Floor, Hans Bhawan  
New Delhi - 110002

Sender

Reference No.

Dated :

Pendency of Appeals

Year-wise Break-up of Pendency of High Demand ( more than Rs. One Lakh ) Appeals at the end of the Year 2001-2002 with reference to their year of institution.

(1) Appeals Pending with Commissioners ( Appeals ).

Year of Institution	I.T.	W.T.	G.T.	E.D.	Interest tax	Super Profit / Sur - tax	Total
1997-98 Earlier Years							
1998-99							
1999-2000							
2000-2001							
2001-2002							
<b>Total</b>							

Note : The figures shown in total column above should tally with the Progress Report for March, 2002

Details of Year - wise Pendency of Penalties and Composition Money levied,  
collected and Pending during the years 2001-2002

( I ) Income-tax & Corporation - tax ( Rs. 000 )

Year	Opening Balance	Levied during the year	Collected during the year	Balance outstanding				
	Penalty	Composition money	Penalty	Composition money	Penalty	Composition money	Penalty (1+3-5)	Composition money (2+4-6)
	1	2	3	4	5	6	7	8
2001-2002								

( II ) Other Direct Taxes.

( Rs. 000 )

Year	Opening Balance	Levied during the year	Collected during the year	Balance outstanding				
	Penalty	Composition money	Penalty	Composition money	Penalty	Composition money	Penalty (1+3-5)	Composition money (2+4-6)
	1	2	3	4	5	6	7	8
2001-2002								

Note : The Opening Balance being shown above should tally with last year's pendency.

Information Regarding the Amount of Relief and Refunds given during 2001-2002

( a ) Reliefs.

( Rs. 000 )

Section of I.T. Act	No. of Assessments	Relief given

( b ) Refunds

( Rs. 000 )

Section of I.T. Act	No. of Assessments	Relief given

Para 2.11 ( i ) - Yearwise analysis of the outstanding direct refund claims as on 31st March 2002.

Financial l year in which application was made .	No. of cases pending .
1997-98 and earlier years	
1998-99	
1999-2000	
2000-2001	
2001-2002	
Total	

Note : The figures shown under the head “total” should tally with the quarterly progressive report for March, 2002 in page 16 Para 'A'.

Para 2. 11 ( ii ) ( a ) - Details of cases resulting in refund as a result of appellate orders and revision order etc. as on 31st March \_\_\_\_\_

Financial Year	*Opening Balance	Addition	Disposal	Balance
20001-2002				

\* The opening balance shown above should tally with the figures of closing balance shown last year.

( b ) Year wise analysis of the Balance as shown above, as on 31 March \_\_\_\_\_

Financial l year in which application was made .	No. of cases pending .
1997-98 and earlier years	
1998-99	
1999-2000	
2000-2001	
2001-2002	
Total	

Information Relating to Interest paid on Refunds by the Government During the year  
2001-2002

( Rs. 000 )

Section of Income-tax Act under which Interest Paid	2001-2002	
	No. of Assessments	

Category -wise details of Revenue Demands Written off by the Department during 2001-2002

A. Income-tax :

( Rs.000 )

Category	Company		Non - Company		Total	
	No.	Amount	No.	Amount	No.	Amount
(a) Assesseees having died leaving behind no Assets or have become Insolvent or gone into liquidation.						
(b) Assesseees who have gone into liquidation or are defunct.						
Total of (a) and (b)						
II. Assesseees being untraceable.						
III. Assesseees having left India.						
Other Reasons :						
(1) Assesseees who are alive but have no attachable assets.						
(2) Amount being petty etc.						
(3) Amounts written off as a result of scaling down of demand.						
Total :						
Amount written off on grounds of equit of as a matter of intgerational courtesy, or where time, labour and expense involved in legal remedies for realisation are considered disproportionate to the recovery.						
Grand Total :						

Other Direct - taxes :

Wealth-tax, Gift-tax and Estate-duty Demands Written-off by the Department during the Year 2001-2002 due to untraceability of assessee are given below :

( Rs. 000 )

Wealth - tax		Gift - tax		Estate - duty	
No.	Amount	No.	Amount	No.	Amount

SEARCH AND SEIZURE ASSESSMENTS

A. Particulars of Income Determined, Tax Levied, Balance tax Outstanding after Adjustment of value of Assets retained on Final Assessments for the year \_\_\_\_\_

( Rs. 000)

No. of Cases where final Assessments were completed	Income determined .	Demand Raised			Demand adjusted out of retained Assets	Balance Pending Recovery		
		Tax	Penalty	Total		Tax	Penalty	Total

B Particulars of Cases of Assets Returned, Interest - paid and Cases Pending for the Year \_\_\_\_\_

( Rs. 000 )

No. of Cases where Assets were due for Return			No. of Cases where Assets Returned..	No. of Cases where interest paid during the year.	Balance cases pending.
Opening Balance	Added during the year	Total			

Number of Appeals References and Writs pending with Supreme Court/High Courts/Income tax appellate Tribunals as on 31.03.2002

	Supreme Court	High Courts	Income tax Appellate Tribunal
Appeals, references and writs for disposal			
Completed			
* Pending			

\* The information being shown above should tally with the quarterly reports on Appeals references and writs before ITAT High Courts and Supreme court for March 2002

Gross Collection, Amount Refunded & Net collection during the Financial Year 2001-2002

Gross Collection	Amount of refund granted during the year	Net collection (Gross collection refunds made)

**QUARTERLY STATEMENT REGARDING APPEALS, REFERENCE AND WRITS**

BEFORE ITAT/HCS/SC-QUARTER ENDING \_\_\_\_\_  
(IN RESPECT OF ALL TAXES INCLUDING ESTATE DUTY)

Item No.	Where pending	No. Pending at the beginning of the Qr.	No. Filed during the Qr.	Recd. On transfer names of charges (from which reced to be given)	Transferred to other charges names of charges which to transferred to be given	Total 3 + 4 5 - 6	No. Disposed of during the quarter			No. Pending at the end the Qr.	Reasons for pending						% of infrutious appeals Col (9x10)/4
							Allow ed	Dismi ssed	Total 8 + 9		Less than one yr.	1 to 2 yr.	2 to 3yr.	3 to 4 yr.	4 to 5 yr.	More than 5 yr.	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
	Appeals pending before ITAT [under all taxes including Estte Duty] filed by Department																
2	Reference application filed u/s 256[1 ]IT 27[1] WT 26[1] GT 64[1] ED																
3	Reference application filed u/s 256[2]/27[3] 26[3]/64 b [3] before High Court where																

	reference application u/s 256[1]/27[1]/26[1]/64[1] stands rejected by Appellate Tribunal																		
4	Cases pending before High Court u/s 260/28/27/64[3] [Admitted references from item 2 and 3 above].																		
5	Petitions pending before High Court u/s 261/29[1]/28[1]/65[1] for leave to appeal to Supreme Court against judgment of High Court u/s 260/28/27/64[6] vide item 4 above																		
	(a) Department																		
	(b) Assessee																		
6	Appeals pending before Supreme Court u/s 261[1]/29[1]/28[1]/65[1] admitted petitions																		
	(a) Department																		
	(b) Assessee																		
7	Special leave petitions to Supreme Court under Article 136 of the constitution [where High Court declines																		

	to admit application u/s 256[2]/27[3]/26[23]64[3]. Vide item No.3 above or declined leave to appeal vide item 5 above].																	
	(a) Department																	
	(b) Assessee																	
8	[Appeals before Division Bench] pending in High Court																	
	(a) Department																	
	(b) Assessee																	
9	Writs [including writ appeals before Division Bench] pending in Supreme Court																	
	(a) Department																	
	(b) Assessee																	
10	(a) No. of stay orders granted by High Courts																	
	(b) No. of stay orders granted by Supreme Courts																	

TELEX REPORT

FROM : Director of Income Tax (Inv.),  
TO : Member (Inv.), Central Board of Direct Taxes, New Delhi

- 
1. CODE :
  2. DATE OF SEARCH :
  3. NAMES AND ADDRESSES OF MAIN CONCERNS AND MAIN PERSONS SEARCHED :
  4. PARTICULARS OF JURISDICTIONAL A.Os :
  5. NUMBER OF PREMISES SEARCHED :
    - A. RESIDENTIAL :
    - B. BUSINESS :
    - C. BUSINESS CUM RESIDENTIAL :
    - D LOCKERS :
  6. NATURE OF BUSINESS :
  7. NUMBER OF WARRANTS
    - A. EXECUTED :
    - B. CUMULATIVE :
  8. VALUABLE ASSETS SEIZED
    - A. CASH :
    - B. JEWELLERY :
    - C OTHER ASSETS(FDR, RDR, ETC. ) :
    - D. UNDER SECOND PROVISIO TO SEC.132(1) :
    - E TOTAL :
  9. CUMULATIVE SEIZURE
    - A CASH :
    - B. JEWELLERY :
    - C OTHER ASSETS(FDRS, RDR,ETC.) :
    - D UNDER SECOND PROVISIO TO SEC.132(1) :
    - E. TOTAL :
  10. WHETHER BOOKS OF ACCOUNT ETC., SEIZED :
  11. NO.OF RESTRAINTS U/S.132(3) PENDING :
  12. WHETHER SEARCH IS COMPLETE :
  13. A RESUME OF SIGNIFICANT FINDINGS :

Date:

Place:

Director of Income Tax (Inv.)

Not to be Telexed :

Post copy of the message is forwarded in confirmation to :

1. THE MEMBER(INV.), CENTRAL BOARD OF DIRECT TAXES, NEW DELHI
2. THE DGIT(INV), AAYAKAR BHAVAN, \_\_\_\_\_
3. THE CCIT, \_\_\_\_\_
4. THE SPECIAL SECRETARY - CUM - DIRECTOR GENERAL, CENTRAL ECONOMIC  
INTELLIGENCE BUREAU, 1ST FLOOR, B-WING, JANAPATH BHAVAN,  
JANAPATH,  
NEW DELHI -110 001
5. THE DEPUTY SECRETARY (INV.), CBDT, NORTH BLOCK, NEW DELHI
6. THE CIT-I, \_\_\_\_\_
7. THE ADDL. DIRECTOR OF INCOME TAX (INV.), UNIT-III, \_\_\_\_\_
8. THE Jt. COMMISSIONER OF INCOME TAX (INV.), RANGE I, \_\_\_\_\_
9. TO THE DDIT(INV), UNIT-I, \_\_\_\_\_

**Annexure -XXI**Office of the  
Addl. Director of Income Tax (Inv.)

No. ADIT-III/V/Stat.1/2000-01

Dt.

**PART - A : SEARCH & SEIZURE**

Details	During the Month	Upto the end of the Month	Corresponding period of last year
1. No. Of Cases			
2. No. Of Warrants			
3. Value of assets seized ( Rs. In lakhs)			
(a) Cash			
(b) Jewellery / Bullion			
(c) Other assets			
(d) Under Second provi Sec.132(1)			
(e) Total			
4. Disclosure u/s 132(4) ( Rs.in lakhs)			
5. Concealment detected over & Above disclosure			

**PART - B : APPRAISAL REPORTS**

No. of Appraisal Reports pending at the beginning of the month	Additions during the month	No. of reports sent to the Assessing Officers during the month	No. of Reports pending at the end of the month	No. of reports pending for more than 60 days

Addl. Director of Income Tax (Inv.)

Submitted to the Director of Income Tax (Inv.)

Office of the  
Dy. Director of Incometax(Inv.),  
 Unit-\_\_\_\_\_  
 Dt.\_\_\_\_\_

MONTHLY HIGHLIGHTS  
 (For the month of .....)

- |   |   |  |
|---|---|--|
| 1. NAME OF THE GROUP  | : |  |
| 2. DATE OF SEARCH   | : |  |
| 3. NATURE OF TRADE/PROFESSION/BUSINESS CARRIED OUT BY THE GROUP AND ITS CONSTITUENT MEMBERS | : |  |
| 4. ASSESSMENT JURISDICTION OF THE GROUP & ITS CONSTITUENT MEMBERS                           | : |  |
| 5. BRIEF MODUS OPERANDI OF TAX EVASION ADOPTED BY THE GROUP AND ITS CONSTITUENT MEMBERS     | : |  |
| 6. SEIZURE EFFECTED   |   | During the month Cumulative                  |
| A. CASH   | : |  |
| B. JEWELLERY  | : |  |
| C. OTHER ASSETS(FDRs', IVPs', ETC. )  | : |  |
| D. DEEMED SEIZURE U/S 132(1)  | : |  |
| E. TOTAL  | : |  |
| 7. TOTAL NUMBER OF WARRANTS   | : |  |
| A. TOTAL WARRANTS   | : |  |
| B. BUSINESS   | : |  |
| C. BUSINESS-CUM-RESIDENCE   | : |  |
| D. RESIDENCE  | : |  |
| E. SURVEY   | : |  |
| 8. DISCLOSURE OF INCOME   |   | During the month                  Cumulative |
| 9. STATUS OF SEARCH (INDICATE WHETHER COMPLETE, OR NOT)                                     | : |  |
| 10. ESTIMATED QUANTIFICATION OF UNDISCLOSED INCOME OF THE GROUP                             | : |  |

DY.DIRECTOR OF INCOMETAX(IV.)

**Annexure -XXII**

Office of the  
Addl. Director of Income Tax (Inv.), Unit-III  
10th Floor, LIC Building Visakhapatnam

No. Addl.DIT-I/V/Stat.1/2002-03

Dated :

**STATISTICAL REPORT ON SURVEY WORK FOR THE MONTH OF**

SL.NO	HEAD	During the month	Upto the end of the month	Corresponding period of last year
01	Survey u/s.133A(1)			
02	Survey u/s.133A(5)			

Addl. Director of Income Tax (Inv.) Unit-III

Submitted to the Director of Income Tax (Inv.)

**Annexure -XXIII**

**MONTHLY PROGRESS REPORT FOR THE MONTH OF \_\_\_\_\_, 2002 AND PROGRESSIVE  
PIECES OF INFORMTION COLLECTED BY ITO (CIB), \_\_\_\_\_**

No. of pieces collected	No. of pieces forwarded to CsIT in F.Y.2002-03
<u>During the Month</u>	<u>During the Month</u>
<u>Progressive</u>	<u>Progres- sive.</u>

**I. ONE-BY-SIXTH SCHEME**

1. Visakhapatnam (Tata Land Telephones) \_\_\_\_\_
2. Club members

**II. CIB CODES:**

1. 002 Central Excise Department new registrations,  
Excise payments including fines & penalties.
2. 008 Sales-tax Department new registrations.
3. 010 Electricity bills above Rs. 20,000/- p.a.
4. 011 Land acquisition - compensation paid.
5. 018 a) Banks cash transactions of Rs. 1 lakh and  
above.  
b) Declaration of assets for loan and OD  
facilities exceeding Rs. 50 lakhs.

- 6.020 Deposits and investments in bonds, deposits  
Credit card payment of Rs. 50,000 and above  
in the Public Sector Undertakings / Financial  
Institutions, Credit Societies, Nidhis, Credit  
Card payments.
7. 023 Nursing homes, clinics, gyms, interior deco-  
rators, Study circles, Coaching classes,  
Guest houses.  
I) Nursing homes, clinics, gyms, diagnostic  
Centres, labs etc.  
II) Study Circles, Coaching classes, Software  
Education Institutions etc.  
(\*The information was submitted to the  
JCIT(CIB), Hyderabad in July,02).
8. 025 Hotels/ Clubs - expenditure incurred more  
Rs. 25,000/- by the parties.
9. 027 Chit fund companies / investment made  
Rs. 20,000/- and above.
10. 028 Air Travel agents package tours, travel  
within India and travel abroad.

III. OTHERS

1. Co-operative Societies
2. Street directory of Visakhapatnam

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Grand total

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Income-tax Officer (CIB)-1

Submitted to the Joint/Addl. Commissioner of Income Tax (CIB),

279??

**Monthly Activity Report \***  
**On**  
**Comprehensive Computerisation**  
**Name of the Computer Centre :**  
**Month of**

**PART -I Implementation of Application Software**

(A) Allotment of Permanent Account Number							
Sno.	Item of Work	During the month			Upto the month		
		IPAN	AIS	TOTAL	IPAN	AIS	TOTAL
1	2	3	4	5	6	7	8
(i)	Number of Form49A collected Including forms received by A.O's.						
(ii)	Number of records Processed **						
(iii)	Number of records exported to NCC for PAN allotment.						
(iv)	Number of cases with core-field deficiency cases						
(v)	Number of records imported from NCC after PAN allotment.						
(vi)	Number of records with matching PPAN						
(vii)	Out of (vi) above Number of cases Of matching PPANs resolved						
(viii)	Number of PAN allotted						
(ix)	Number of Intimation letters issued						
(x)	Number of PAN cards issued.						
(xi)	Number of Deficiency Letters Type A ( <b>Core field</b> ) issued.						
(xii)	Number of Deficiency Letters Type B( <b>Non-Core field</b> ) issued						
(xiii)	Number of replies to Deficiency Letters received.						
(xiv)	Number of replies to Deficiency Letters In the System.						
(xv)	No of Core Deficiency Cases filed due to lack of response from the applicant						
(xvi)	Number of PAN migrated from IPAN Database to AIS Database.						
(xvii)	Number of assesseees whose Jurisdiction changed in AIS database consequent upon cadre restructuring.						

(B)

Tax Accounting System									
Item	Number of Challan Received	Number of Challans Processed relating To		Number Refund Vouchers Received	Number of Refund Vouchers Processed relating To		DCRs Generated upto (Month/Date)	ZAO Report	
		Current Year	Previous Year		Current Year	Previous Year		GeneRate d upto which Month	Date of Submi- Ssion to ZAO
1	2	3	4	5	6	7	8	9	10
Challan relating to April 2002 to March 2003									
(i)During the month									
(ii)From April 2001 To this Month									
Challans relating to April 2001 to March 2002									
(i) During the correspond- Ing month									
(ii) From April 2000 To the Corresponding month									

(C)Arrear Demand	
TotalNumber of A.O Charges/Special Ranges	Number of A.O's/Special Ranges whose work completed
1	2

(D) ManpowerManagement System (MMS)		
Total No of employees in the Region/Charge covered by the Computer Centre	Number of employees allotted Employee Number	
1	2	3

(E) Payroll System (PAS)		
Total Numberof DDOs in the Region/Charge covered by the Computer Centre	Number of DDOs where Pay Roll System has been implemented	Number of Employees under each DDO where Pay Roll System has been implemneted.
1	2	3

(F) Financial Resource System (FRS) and Physical Resource System (PRS)		
	Total Number of DDOs in the Region/Charge covered by the Computer Centre	Number of DDOs where Systemhas been implemented.
FRS		
PRS		

<b>(G) Judicial Reference System</b>	
Number of Officers in the Region/Charge Covered by the Computer Centre	Number of Officers who have been supplied Taxpert CDs
1	2

<b>(H) Assessment Information System (AST)</b>							
Year	Total Number of Assessing Officers in the Region/Charge covered by the Computer Centre	Number of Assessing Officers who are utilising AST for processing returns u/s 143(1)	No. of returns entered for checking u/s 143(1)		Number of returns checked u/s 143(1)		Number of Assessment Orders passed u/s 143(3) using AST
			During the month	From April upto this month	During the month	From April upto this month	
	1	2	3	4	5	6	7
From 2001 to 2002							
From 2000 to 2001							

**Reports of Returns Processed using Tax Management Software (TMS)**

No. of AO s using TMS	Total No. of Returns pending processing at the beginning of the month	Total No. of Returns processed on TMS during the month	Total No. of Returns processed on TMS upto the end of month	Total No. of returns processed manually during the month	Total No. of returns processed manually upto end of the month
1	2	3	4	5	6

<b>(J) Individual Running Ledger Account System(IRLA)</b>			
No. Of Assessing Officers whose Jurisdiction Have been computerised		No. Of Assessing Officers who have converted the AD & CR data into flat file and uploaded into IRLA	
During the month	Upto end of month	During the month	Upto end of month
1	2	3	4

<b>A.TDS Information System</b>		
Total No. Of TDS A.O Alloting TAN	No.of TANS allotted	
	During the month	Upto end of month
1	2	3

<b>B. TDS Information System</b>		<b>No.of Returns processed</b>			
<b>No.ofTDA AOs using the software processing of TDS returns</b>	<b>Salary</b>		<b>Other than Salary</b>		
	<b>During the month</b>	<b>Upto end of month</b>	<b>During the month</b>	<b>Upto end of month</b>	
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	
	Nil	Nil	Nil	Nil	

**(K)**

<b>Enforcement Information System (EFS)</b>		
	<b>No.of cases entered in this system</b>	
	<b>During the month</b>	<b>Upto end of month</b>
<b>1</b>	<b>2</b>	<b>3</b>
<b>TEP</b>		
<b>Search &amp; Seizure</b>		
<b>133A(1)</b>		
<b>133A(5)</b>		
<b>133B</b>		

**(L)**

<b>Central Information Branch System(CIB)</b>						
<b>No of pieces of Information</b>						
<b>No.of pieces Of Information Collected</b>	<b>Reformatted Into CIB Format and Put in the Database</b>	<b>Total Transcations Standardised</b>	<b>Total Parties Built</b>	<b>Total Parties Matched With PAN database</b>	<b>Total No of notices issued</b>	
					<b>During The Month</b>	<b>Upto end of Month</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>

**(M)**

<b>Application Manager</b>							
<b>Total number of Application Users Created out of Employees who Have been allotted Employee Number</b>		<b>Total Number of Application Users dropped</b>		<b>Total number of Effective Users</b>		<b>Total number of Assessing Officers out of Previous coloumns Numbers 5 &amp; 6</b>	
<b>During the month</b>	<b>Upto end of this Month</b>	<b>During the month</b>	<b>Upto the end of this month</b>	<b>During the month (col1-col3)</b>	<b>Upto end of this month (col2-col4)</b>	<b>During month</b>	<b>Upto end of month</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>





### PART - III Training

(A) Number of Non-Technical Persons Trained												
Field/Subject Of Training	CCIT/CIT	Addl CIT/JCIT	DCIT	ACIT	ITO	INSPECTOR	Head Clerk	SR PA	Tax Asst	Steno.	UDC	LDC
1	2	3	4	5	6	7	8	9	10	11	12	13
<b>a) Hardware</b>												
i. RS 6000												
ii. Networking (Xion Server)												
<b>b) System Software</b>												
i. ORACLE (RDBMS)												
ii. DBA												
iii. Novell Netware												
iv. AIX												
<b>c) Lotus Smartsuite</b>												
<b>d) Application Software</b>												
i. IPAN												
ii. AIS												
iii. TAS												
<b>E. Information Technology Course by TCS</b>												

B. Number of Technical Persons Trained							
Field/Sub of Training	JD	DD	AD	DPA GRADE "B"	DPA GRADE "A"	DEO GRADE "C"	DEO GRADE "B"
<b>a. Hardware</b>							
1. RS 6000							
2. Networking.							
<b>b System Software</b>							
1. ORACLE (RDBMS)							
2. DBA							
3. Novell Netware							
4. AIX							
<b>c. Lotus Smartsuite</b>							
<b>d. Application Software</b>							
1. IPAN							
2. AIS							
3. TAS							
<b>E. Information Technology Course by TCS</b>							

Ote: List of persons trained during the fortnight may be furnished in the format as per enclosed Annexure

**PART-IV Outstanding Problems**

SL.No		Vendor	Nature of Problem	Date(s) & Complaint Number(s)
1		2	3	4

**PART-V Name of the CCIT/CIT/DCIT(S)/ACIT(S)/ITO(S)/Senior Most Technical Person**

SL.No	Name	Designation	Telephone Number	Fax Number
1	2	3	4	5

**Addl. Commissioner of Income tax  
Coordinator Computer Operations**

**Annexure - XXV**

Office of the Chief Commissioner of Income Tax

**O.L. No.**

**Dated :**

To

The Asstt Director (O.L.),  
O/o Chief Commissioner of Income Tax

Sir,

**Subject : Quarterly Progress Report regarding progressive use of Hindi in \_\_\_\_\_ charge for the quarter ending \_\_\_\_\_ - regarding :-**

Quarterly Progress Report regarding progressive use of Hindi in \_\_\_\_\_ Region for the quarter ending \_\_\_\_\_ is enclosed for information and necessary action.

**Yours faithfully,**

( \_\_\_\_\_ )  
**ASSTT. DIRECTOR (OL)**

**Encl : As above**

**Copy to :-**

1. The Deputy Director (Hqrs) (Admn.), Official Language Division, Central Board of Direct Taxes, 6th Floor, Mayur Bhawan, Connaught Circus, New Delhi.
2. The Deputy Director (OL) (Impl.)/O/o Chief Commissioner of Income Tax \_\_\_\_\_
3. The Deputy Director (OL) (Impl.), Regional Official Language Implementation Office, 5th Floor, Kendriya Sadan, Koramangla, Bangalore.
4. The Secretary, Town Official Language Implementation Committee, D.R.Ms Office, Vishakhapatnam.

( \_\_\_\_\_ )  
**ASSTT. DIRECTOR (OL)**

## Quarterly Progress Report Regarding Progressive Use of Official Language Hindi

Quarter ending on \_\_\_\_\_

Name of the Office \_\_\_\_\_

Telephone No. \_\_\_\_\_

1. (a) Total No. of documents \* issued u/s 3(3) of O.L. Act 1963 during the Quarter \_\_\_\_\_  
 (b) Issued only in English out of 9a) above

\* This includes General Orders, Memorandums, Resolutions, Notifications, Rules, Agreements, Contracts, Tenders, Notices, Parliament Questions etc.

2. Position regarding letters received in Hindi  
 (a) Total No. of letters received in Hindi  
 (b) Out of these how many replied to in English

3. Details of total letters issued by the office :-

	In Hindi	In English	Percentage of letters issued in Hindi	
			In the last Quarter	In this Quarter
To Region 'A'				
To Region 'B'				
To Region 'C'				

**Note :-**

1. Include-telegrams, Telex, Fax and also all those letters issued in Hindi/English in replies to Hindi letters as shown in Colmn 2.
2. Include all those letters issued to Regions 'C' bilingually in Column 1 if the Original ones were prepared in Hindi only and the English version was prepared as required.
3. Don't include letters issued to the starte Govt. or their offices/individuals in Regions 'C'.
4. Work in Hindi on files  
 (a) No. of files opened by the endof the Qtr.  
 (b) In how many files noting are being made in Hindi
5. Hindi Workshops  
 (a) No. of workshop organised during the Qtr.  
 (b) No. of officers/officials trained in those workshops.  
 (Excluding Official/Language officers & Group 'D' officials)
6. Meeting of the Official Language Implementation Committe of the Office  
 Date of the meeting of the O.L.I. C. held during the Quarter : - - 200
7. Top Administrative Meetings  
 (a) No. of Top administrative meetings held during the Qtr.  
 (b) In how many meetins discussions/proceedings were in Hindi
8. Position regarding assurance given to the Committee of Parliament on Official Language  
 (a) No. of pending assurances at th end of the Quarter  
 (b) No. of Assurance given during the Quarter.  
 (c) No. of Assurances fulfilled during the Quarter
9. Brief description of the specific achievements/work regarding Implementation of the Official Language Policy during the quarter :

**Signature of the Controlling Officer**

**Annexure - XXVI**

**HINDI TEACHING SCHME, DEPARTMENT OF OFFICIAL LANGUAGE**

**HALF YEARLY PROGRESS REPORT REGARDING TRAINING POTENTIAL**

**1st April to 30th September / 1st October to 31 March**

**Name of the Office :** \_\_\_\_\_

		Admn. Employees		Operative Employees		Total
		(Gaz)	(Non-Gaz)	(Gaz)	(Non-Gaz)	
1	Total No. of employees excluding Group D'					
2	No. of employees exempted from the training					
3	No. of employees already trained :-					
(a)	For whom Prabodh was final exam.					
(b)	For whom Praveen was final exam.					
(c)	For whom Pragya was final exam					
(d)	Hindi typing					
(e)	Hindi Stenography					
	Total					
4	No. of employees undergoing Training :-					
(a)	For whom Prabodh was final exam.					
(b)	For whom Praveen was final exam.					
(c)	For whom Pragya was final exam					
(d)	Hindi typing					
(e)	Hindi Stenography					
	Total					
5	No. of employees to be trained					
(a)	For whom Prabodh was final exam.					
(b)	For whom Praveen was final exam.					
(c)	For whom Pragya was final exam					
(d)	Hindi typing					
(e)	Hindi Stenography					
	Total					

Please Note : Total No. of item No. 2, 3, 4 and 5 should be equal to item No.1

**Signature of the Competent authority with Seal**

**Annexure -XXVII**

File No.

Date

To

The Chief Commissioner of Income tax,

Sir,

Sub : Weekly monitoring of cases of CsIT (Appeals)..  
Submission of Report - Regarding.

Ref : CCIT's letter CC/Vsp/Tech/WR/2002-03, dated 04/06/2002.

The information on the above subject, in the revised proforma, as called for vide reference cited above, for the week ended \_\_\_\_\_, is as under :

Report for the week ending : \_\_\_\_\_

			TOTAL APPEALS			HIGH DEMAND APPEAL			APPEALS FILED BEFORE 31.03.1999		
Sl. No.	CCIT	CIT	Opening pendency as the beginning of the week	Disposal during the week	Cumulative disposal from 1.4.02	Opening pendency as the beginning of the week	Disposal during the week	Cumulative disposal from 1.4.02	Opening pendency as the beginning of the week	Disposal during the week	Cumulative disposal from 1.4.02

**Yours faithfully**

( )  
**Commissioner of Income tax,  
Appeals -1,**

**Annexure - XXVIII**

**MONTHLY TELEGRAPHIC REPORT OF DISPOSAL AND PENDENCY OF APPEALS  
WITH THE CIT(A)**

CIT(A) CHARGE :

CCIT REGION :

MONTH & YEAR :

Dated :

**A. Pendency**

(a)	Pendency as on 1st April 2002	
(b)	Institution upto the end of the Month	
(c)	Transferred in upto the end of the month	
(d)	Transferred out upto the end of the month	
(e)	Total pendency (a)+(b)+(c)+(d)	

**B. Break up of pendency**

(a)	Central Ceicle appeals	
(b)	Search & Seizure appeals	
(c)	Block Assessment appeals	
(d)	Company Circle appeals	
(e)	Other Appeals	
(f)	Total Appeals (a)+(b)+(c)+(d)+(e)	
	(i) Out of (f) high demand appeals	
	(ii) Out of (f) old appeals, i.e. Pending for more than one year	
(g)	No. Of appeals with disputed demand between Rs. 10 lakhs and Rs. 25 lakhs	
(h)	No. Of appeals with disputed demand of more than Rs. 25 lakhs	

**C. Disposal during the month**

(a)	Central Circle Appeals	
(b)	Search & Seizure appeals	
(c)	Block Assessment appeals	
(d)	Company Circle appeals	
(e)	Other Appeals	
(f)	Total Appeals : (a)+(b)+(c)+(d)+(e)	

**D. Progressive Disposal**

(a)	Central Circle appeals	
(b)	Search & Seizure appeals	
(c)	Block Assessment appeals	

(d)	Company Circle appeals	
(e)	Other Appeals	
(f)	Total Appeals (a)+(b)+(c)+(d)+(e)	
	(i) Out of (f) high demand appeals	
	(ii) Out of (f) old appeals, i.e. Pending for more than one year	
(g)	No. Of appeals with disputed demand between Rs. 10 lakhs and Rs. 25 lakhs	
(h)	No. Of appeals with disputed demand of more than Rs. 25 lakhs	

#### E. Balance

(a)	Total appeals B(f) - D(f)	
	(i) Out of (a) high demand appeals : B(f)(i) - D(f)(i)	
	(ii) Out of (a) old appeals, i.e. Pending for >one year B(f) (ii) - D(f) (ii)	
(b)	No. Of appeals with disputed demand between Rs. 10 Lakhs & Rs. 25 lakhs : B(g) - D(g)	
(c)	No. Of appeals with disputed demand of more than Rs. 25 lakhs B(h) - D(h)	

#### F. Total

(a)	Reduced/Partly Allowed	
(b)	Confirmed/Dismissed	
(c)	Enhanced	
(d)	Cancelled/Annulled	
(e)	Fully allowed	
(f)	Set aside	
(g)	Total Appeals : (a)+(b)+(c)+(d)+(e)+(f)	
(h)	Remand	

#### G. Man days lost on account of leave/training

- (i) since 1st April, 2002 working days
- (ii) during the month

Commissioner of Income tax (Appeals)-I,

Forwarded to the Chief Statistical Advisor, DIT (RSP&PR), New Delhi.

**Annexure - XXIX**

File No. \_\_\_\_\_

Dated :

To,

The Chief Commissioner of Income

Sir,

Sub: Central Action Plan - Revised format of CAP-II submission of Regarding.

Ref: CCIT's letter F.No. CC(B&S)/East.4/96-97, dated 30/09/1996

CAP-II, STATEMENT FOR THE MONTH OF \_\_\_\_\_

S.No.	S.No. In CAP-II		Code
1	40	No. of High Demand appeals brought forward as on 01/04/2002	HDAW
2	41	Disposal of High demand appeals out of (40) above upto the end of the month.	HDAD
3	42	No. of High Demand appeals instituted during the yearl, upto the end of the month.	HDCW
4	43	Disposal of High demand appeals out of (42) above upto the end of the month.	HDCD
5	44	No. of other appeals brought forward as on 01/04/2002	OAAW
6	45	No. of other appeals instituted during the yearl, upto the end of the month.	OACW
7	46	Disposal of other appeals during the yearl, upto the end of the month.	OATD
8	47	No. of CIT(Apeals) deployed	CIT(A)

**Yours faithfully**

**Commissioner of Income Tax (Appeals)**

**Annexure -XXX**

File No. \_\_\_\_\_

Dated :

**REPORT FOR THE MONTH OF \_\_\_\_\_**  
**(To be sent to the Zonal Member only )**

1. Name of the Charge held :
2. Name of the CIT(Apeals) :
3. Period of leave since 01/04/2002 :

4. Disposal of appeals:

(a)	No. of appeals pending at the beginning of the year	
(b)	No. of fresh appeals received	
	No. of appeals transferred out	
(c)	Total No. of appeals for disposal	
(d)	No. of appeals disposed of during the month	
(e)	No. of appeals disposed of since 01/09/2001	
(f)	Balance pending	

5	Disposal of appeals with disputed demand of	Between Rs. 10 Lakhs & Rs. 25 lakhs	Rs. 25 Lakhs & above
(a)	No. of appeals for disposal		
(b)	No. of appeals disposed of during the month		
(c)	No. disposed of since 01/04/2002		
(d)	Balance pending		
(e)	No. of appeals pending for more than 6 months		

6. Disposal of old appeals (For the years 2000-01 and earlier years):

(a)	No. of appeals pending for disposal	
(b)	No. of appeals disposed of since 01/04/2002	
(c)	Balance pending with year-wise break-up	

7. Submission of batches of appellate orders:

Fortnight ending	Date of sending the batch to the CIT

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8 Miscellaneous :

(a)	No. of cases in which assessments have been set-aside	Not Applicable
	(i) Fully	Not Applicable
	(ii) Partially	Not Applicable
(b)	No. Of cases in which assessments have been enhanced	Not Applicable

9. Performance of CsIT(Appeals) :

(i)	No.of Commissioners of Income Tax (Appeals)	Two	
		Actual	Units
(ii)	(a) Total No. Of appeals for disposal upto month end		
	(b) No. Of appeals disposed of during the month		
(iii)	Appeals with disputed demand of	Below Rs. 10 to 25 lakhs	Above Rs. 25 lakhs
(a)	No. For disposal upto month end		
(b)	No. Of appeals disposed of during the month		
(c)	Total Ho. Of disposals still the month end		
(d)	No. Of appeals pending for more than six months		

( )  
Commissioner of Income Tax (Appeals)

Submitted to the Chief Commissioner of Income Tax.

5. PERFORMANCE OF CIT (A) :

	Pendency as on 01.04.2002	No. Of appeals filed upto month end	No. Of appeals disposed upto month end	Disposal of High Demand Appeals out of 940	Balance appeals pending for disposal	
					Total	High Demand
1	2	3	4	5	6	7
CIT (A)						

Office of the Commissioner of Income Tax (Appeals)  
Statistical Information as on

		<b>During the month</b>	<b>Progressive</b>
	Total pendency of appeals brought forward Additions during the month of September, 02 No. of appeals transferred out Total appeals for disposal No. of appeals disposed off		
I	No. of High Demand appeals (above Rs 1 crore) for disposal No. of High Demand appeals (above Rs.1 crore) disposed off <b>Balance</b>		
II	No. of High Demand appeals (above Rs 25 lakhs) for disposal No. of High Demand appeals (above Rs.25 lakhs) disposed off <b>Balance.</b>		
III	No. of high Demand appeals (between 10 to 25 lakhs for disposal No. of High Demand appeals (between 10 to 25 lakhs) disposed off <b>Balance</b>		
IV	No. of high Demand appeals (between 1 to 10 lakhs for disposal No. of High Demand appeals (between 1 to 10 lakhs) disposed off <b>Balance</b>		
V	No. of appeals (less than 1 lakh) for disposal upto No. of appeals (less than 1 lakh) disposed off during the month <b>Balance</b>		
VI	Total no of pending appeals carried forward to next month : ( 1 + II + III + IV + V )		



# Citizens' Charter

## **A DECLARATION OF OUR COMMITMENT TO EXCELLENCE IN OUR SERVICE TO TAXPAYERS**

### We Seek

#### **TO BE FAIR**

- By being impartial and objective.
- By collecting taxes as per the law.

#### **TO BE HELPFUL**

- By being courteous and efficient.
- By displaying names, designations, telephone numbers and locations of the officials dealing directly with the public.
- By informing tax payers as to their rights, duties, entitlements and obligations under the law.
- By providing information, leaflets, forms, etc. at the Information & Facilitation Counters.
- By providing information regarding procedures and authorities for legal remedies.

## **TO BE EFFICIENT**

- By setting tax matters promptly and correctly.
- By handling personal and business information/materials furnished to the Department confidentially and as permitted by the law.
- By acknowledging all communications from tax payers on the spot and in any case within 7 days and furnishing final replies within 30 days.
- By redressing all complaints and grievances within 30 days.
- By issuing Income Tax Clearance Certificate u/s 230 of Income Tax Act within 7 working days and that u/s 230A of Income Tax Act within 30 days.
- By disposing of all rectification applications u/s 154 of Income Tax Act within 30 days.
- By giving effect to appellate orders within 30 days of the receipt of such orders.
- By issuing refunds within 30 days of determination.

## **WE EXPECT YOU**

- To be prompt, honest and accurate.
- To pay taxes in time.
- To quote Permanent Account Number (PAN)/GIR Number in all your returns and correspondence.