

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
UNSTARRED QUESTION No. 5141
TO BE ANSWERED ON MONDAY, 3rd APRIL, 2023/CHAITRA 13, 1945 (SAKA)

“REASSESSMENT OF INCOME”

5141. SHRIMATI MAHUA MOITRA

Will the Minister of FINANCE be pleased to state:

(a) with reference to Part (a) and Part (b) of unstarred question no. 1882 answered on 13th February 2023, whether a person can be reassessed beyond three years even though they had already disclosed their income in their books of account and have been assessed with approval by higher authorities for conducting inquiries and giving opportunity before issuing notice of reassessment and if so, the details thereof; and

(b) whether the aforesaid reassessment of a person beyond three years even though they had already been assessed, would not amount to harassment as the Government can allegedly search and reasons anyone just by passing internal approvals and if so, the details thereof?

ANSWER
MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a): Yes Madam. As per the provisions of the Income-tax Act, 1961 (“the Act”) a notice under section 148 of the Act can be issued **if three years, but not more than ten years**, have elapsed from the end of the relevant assessment year and the relevant key conditions for such initiation of reassessment proceedings are as under:

1. Assessing Officer must have in his possession books of account or other documents or evidence which reveal that **the income chargeable to tax has escaped assessment**,
2. **Such income chargeable to tax shall be** represented in the form of an asset or expenditure in respect of a transaction or in relation to an event or occasion or an entry or entries in the books of account, and
3. Such income **chargeable to tax which has escaped assessment must** amount to or is likely to amount to fifty lakh rupees or more.

(b): No Madam. Reassessment u/s 148 will not amount to harassment because:

1. Before issuance of notice under Section 148 of the Act by the Assessing Officer, for re-opening of assessments in search & seizure cases, prior approval of specified authority is mandatory.
2. Further, if search & seizure action reveals any evidence/assets/documents, etc. belonging/relating to any person other than the searched person, prior approval of the specified authority is required to ensure that the evidence/ assets/ documents, etc. belongs/relates to that person, before the initiation of re-assessment proceedings under Section 148 of the Act.
3. After issuance of notice u/s 148 with the approval of specified authority, the AO, following the principle of natural justice, provides adequate opportunity of being heard to the assessee before framing the assessment.
