

BUDGET 2024



Direct Tax Litigation amendments at a glance

➤ Introduction of block assessment provisions in cases of search under section 132 and requisition under section 132A

- Finance Bill 2024 proposes to reintroduce scheme of block assessment for search action conducted under section 132 or requisition under section 132A **after 1st September, 2024**.
- 'Block period' proposed to consist of
 - i. Previous years relevant to **six assessment years** preceding the previous year in which the search was initiated under section 132 or any requisition was made under section 132A; and
 - ii. Period starting from the 1st of April of the previous year in which search was initiated or requisition was made and ending on the date of the execution of the last of the authorisations for such search or date of such requisition.
- Regular assessments for the block period proposed to abate.
- The Assessing Officer shall assess the 'total income' of the assessee, including the undisclosed income.
- Section 113 of the Act proposed to be amended to provide for tax rate of **sixty per cent** for the **total income** of the block period.
- Proviso to section 113 proposed to be amended to levy surcharge. Presently no surcharge is proposed.
- No interest under the provisions of section 234A, 234B or 234C or penalty under the provisions of section 270A proposed to be levied or imposed in respect of the undisclosed income assessed or reassessed for the block period.
- **Section 158BFA** proposed to be inserted to provide for:
 - i. Penalty on the undisclosed income of the block period at **fifty per cent** of the tax payable on such income;
 - ii. **Interest at the rate of 1.5% of the tax on undisclosed income** if return in response to notice under section 158BC(1)(a) is not filed within the time limit specified in the notice
- No penalty under section 158BFA proposed be levied if the assessee offers undisclosed income in the return furnished in pursuance of search and pays the tax along with the return.
- The time-limit for completion of block assessment of the searched assessee proposed be **twelve months** from the end of the month in which the last of the authorisations for search under section 132, or requisition under section 132A, was executed or made

- Evidence found as a result of search or requisition relating to any **international transaction or specified domestic transactions** pertaining to the period beginning from the 1st day of April of the previous year in which last of the authorisations was executed and ending with the date on which last of the authorisations was executed proposed to be **excluded from scope of total income of the block period**.
- The assessment in respect of “any other person” other than the person on whom search action was initiated and the AO is satisfied that undisclosed income pertains to or belongs to or relates to such other person, proposed to be governed by the provisions of **section 158BD**.
- The time-limit for completion of block assessment of any other person proposed to be **twelve months** from the end of the month in which the notice under section 158BC in pursuance of section 158BD, was issued to such other person.
- **Applicable from 1st September, 2024.**

➤ **Rationalisation of provisions relating to assessment and reassessment under the Act**

- Finance Bill 2024 proposes to substitute the existing **section 148** of the Act.
- Salient features of proposed section 148 are as under :
 - i. No notice under this section shall be issued unless there is information with the AO which suggests that the income chargeable to tax has escaped assessment for the relevant year.
 - ii. Copy of order under section 148A(3) to be provided to the assessee along with the notice under section 148.
 - iii. Prior approval of specified authority before issuing of notice under section 148 required only where AO has received information under the scheme notified under section 135A.
 - iv. Information emanating from survey under section 133A on or after 1st September, 2024 proposed to be treated as “Information” for purposes of the section 148.
- Finance Bill 2024 proposes to substitute the existing **section 148A** of the Act.
- Salient features of proposed section 148A are as under :
 - i. Requirement of conducting of enquiry by AO proposed to be removed.
 - ii. AO to issue a notice providing an opportunity of being heard to Assessee, before issuing notice under section 148 along with information which suggests that income chargeable to tax has escaped assessment for relevant assessment year.
 - iii. Assessee may furnish his reply within the time provided in the notice. AO will pass an order with the prior approval of the specified authority determining whether or not it is fit case to issue notice under section 148.

- **Section 149** proposed to be amended to provide revised time limits for issuance of notice under section 148A and section 148 of the Act as follows:

| Cases | Proposed time limit for 148 | Proposed time limit for 148A |
|------------------------|-----------------------------|------------------------------|
| Normal Cases | 3 Years 3 Months | 3 Years |
| Specified Cases | 5 Years 3 Months | 5 Years |

- Specified cases for the purpose of time limit mentioned above will be where the income escaping assessment amounts to or is likely to amount to **fifty lakh rupees or more.**
- **Applicable from 1st September, 2024.**

➤ **Rationalisation of the time-limit for filing appeals to the Income Tax Appellate Tribunal**

- Order under section 158BFA providing for interest and penalty on undisclosed income for block period proposed to be made appealable before the **Income Tax Appellate Tribunal.**
- Time limit for filing appeal before Income Tax Appellate Tribunal proposed to be amended to **Two months from end of the month** in which order to be appealed against is communicated to Assessee or PCIT or CIT.
- **Applicable from 1st October, 2024.**

➤ **Powers of the Commissioner (Appeals) extended**

- Commissioner (Appeals) proposed to be empowered to set aside the assessment and refer the case back to the Assessing Officer for making a fresh assessment where assessment order was passed as best judgement case under section 144 of the Act.
- **Applicable for appellate orders passed by Commissioner (Appeals) on or after 1st October, 2024.**

THANK YOU



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