

**SPECIAL PROCEDURE FOR
ASSESSMENT OF SEARCH CASES
APPLICABLE W.E.F. 1ST SEPTEMBER 2024**

**CHAPTER XIV-B
OF INCOME TAX ACT, 1961**

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SYNOPSIS

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DEFINITIONS

SEC 158B

‘Block Period’

- (a) Six Assessment years Preceding the previous year in which the search was initiated
- (b) and shall include the period starting from the 1st of April of the previous year in which search was initiated and ending on the date of the execution of the last of the authorizations for such search.

Block Period e.g:

Date of Search : 15.09.2024

Date of execution of Last Warrant : 10.11.2024

Block Period:

(6). 01.04.2018 to 31.03.2019

(5). 01.04.2019 to 31.03.2020

(4). 01.04.2020 to 31.03.2021

(3). 01.04.2021 to 31.02.2022

(2). 01.04.2022 to 31.03.2023

(1). 01.04.2023 to 31.03.2024

01.04.2024 to 10.11.2024

(b) “Undisclosed Income” Includes

- (i) Any Undisclosed money, bullion, jewellery or other valuable article or thing or**
- (ii) Any incorrect expenditure, incorrect deduction or allowance claimed, or**
- (iii) Any undisclosed income based on any entry in the books of account or**
- (iv) Any document or transaction, which represents Undisclosed income or property.**

**ASSESSMENT OF TOTAL INCOME
AS A RESULT OF SEARCH
SEC 158BA**

**The Assessing Officer shall Assess the ‘Total Income’ of the Assessee,
Including the Undisclosed Income**

which shall include any money, bullion, jewellery or other valuable article or thing
or any expenditure or any income based on any entry in the books of account or other
documents or transactions,
or any expense, deduction or allowance claimed under this Act which is found to be
incorrect.

(4) (i) Pending Regular Assessments get Abated

(ii) Where any assessment under the provisions of this Chapter is pending in the case of an assessee in whose case a subsequent search is initiated, such assessment shall be duly completed, and thereafter, the assessment in respect of such subsequent search shall be made under the provisions of this Chapter:

(5) If any proceeding initiated under this Chapter or any order of assessment or reassessment made under clause (c) of sub-section (1) of section 158BC has been annulled in appeal or any other legal proceeding, then, notwithstanding anything in this Chapter or section 153, the assessment or reassessment relating to any assessment year which has abated under subsection (2) or sub-section (3), shall revive with effect from the date of receipt of the order of such annulment by the Principal Commissioner or Commissioner:

Provided that such revival shall cease to have effect, if such order of annulment is set aside.

(6) The total income (other than undisclosed income) of the assessment year relevant to the previous year in which the last of the authorisations for a search is executed or a requisition is made, shall be assessed separately in accordance with the other provisions of this Act.

Rate of Tax

@ 60% for the block period, as per section 113 of the Act.

Presently, no surcharge is proposed for income chargeable to tax for the block period.

**COMPUTATION OF TOTAL INCOME
OF BLOCK PERIOD
SEC 158BB**

Computation of Undisclosed Income – Section 158BB(2)

Undisclosed Income shall be computed in accordance with the provisions of this Act,

on the basis of evidence found **as a result of search or survey in consequence of such search** and

such other materials or information as are either available with the Assessing Officer or

come to his notice by any means during the course of proceedings under the said Chapter.

(6) If the disclosed income in respect of any previous year comprising the block period, or the returned income or assessed income is a **loss, it shall be ignored.**

(7) Losses brought forward from the previous year (prior to the first previous year comprising the block period) **or unabsorbed depreciation** under sub-section (2) of section 32 **shall not be set off against the undisclosed income** determined in the block assessment under this Chapter,

***But may be carried forward for being set off** in the previous year subsequent to the assessment year in which the block period ends, for the remaining period, taking into account the block period and such assessment year, and in accordance with the provisions of this Act.

PROCEDURE FOR BLOCK ASSESSMENT

SEC 158BC

(1) Where any search has been initiated,

(a) the Assessing Officer shall issue a notice to such person,

requiring him to furnish within such period, **not exceeding a period of sixty days,**

as may be specified in the notice, a return in the form and verified in the manner, as may be prescribed, setting forth his total income, including the undisclosed income, for the block period:

Provided that such return shall be considered as if it was a return furnished under the provisions of section 139 and **notice under subsection (2) of section 143 shall thereafter be issued:**

Provided further that any return of income, required to be furnished by an assessee under this section and **furnished beyond the period allowed in the notice shall not be deemed to be a return under section 139**

Provided also that **no notice under section 148 is required** to be issued for the purpose of proceeding under this Chapter:

Provided also that a person who has furnished a return under this clause shall **not be entitled to furnish a revised return;**

(b) The provisions of section 142,
sub-sections (2) and (3) of section 143,
section 144,
section 145,
section 145A and
section 145B shall, so far as may be, apply;

(2) The provisions of sub-section (1) of section 143 shall not apply to the return furnished under this section.

*The provisions of section 144C (Faceless Assessments) of the Act shall not apply in respect of proceedings under this chapter.

**UNDISCLOSED INCOME
OF ANY OTHER PERSON
SEC 158BD**

Section 158BD

where the Assessing Officer is satisfied that any undisclosed income

belongs to or pertains to or relates to any person, other than the person with respect to whom search was made,

then, any money, bullion, jewellery or other valuable article or thing, or assets, or expenditure, or books of account, other documents, or any information contained therein, seized or requisitioned shall be handed over to the Assessing Officer having jurisdiction over such other person,

and that Assessing Officer shall proceed under section 158BC against such other person and the provisions of the said Chapter shall apply accordingly.

**TIME-LIMIT FOR COMPLETION
OF BLOCK ASSESSMENT
SEC 158BE**

Time-limit for completion of Block Assessment

(i) Of Searched Assessee shall be twelve months from the end of the month in which the last of the authorisations for search under section 132, was executed.

Date of execution of last warrant of authorization : 10.11.2024

Last date for completion of Search Assessment : 30.11.2025

Time-limit for completion of Block Assessment

(ii) Of Any Other Person shall 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.

Date of issue of Notice u/s 158BC in pursuance
of Section 158BD : 05.01.2025

Last date for completion of Search Assessment : 31.01.2026

The last date for completion of search assessment in such cases can be extended further maximum upto 180 days

CERTAIN INTERESTS AND PENALTIES

NOT TO BE LEVIED OR IMPOSED

SEC 158BF

No interest under the provisions of section 234A, 234B or 234C or penalty under the provisions of section 270A shall be levied or imposed upon the assessee in respect of the undisclosed income assessed or reassessed for the block period.

**LEVY OF INTEREST AND PENALTY
IN CERTAIN CASES
SEC 158BFA**

(1) Where the return of total income including undisclosed income for the block period,

(i) is not furnished within the time specified in the notice, or

(ii) is not furnished,

the assessee shall be liable to pay simple **interest at the rate of one and one-half per cent.** of the tax on undisclosed income determined under clause (c) of sub-section (1) of section 158BC,

for every month or part of a month comprised in the period commencing on the day immediately following the expiry of the time specified in the notice, and ending on the date of completion of assessment under clause (c) of sub-section (1) of section 158BC.

(2) The Assessing Officer or the Commissioner (Appeals) in the course of any proceedings under this Chapter, may direct that the person shall pay by way of **penalty a sum which shall be equal to fifty per cent. of tax** so leviabale in respect of the **Undisclosed Income determined by the Assessing Officer** under clause (c) of sub-section (1) of section 158BC:

Provided that no order imposing penalty under section 158BFA or sub-section (1) of section 271AAD (Penalty for false entry, etc., in books of account.) or section 271D (269SS) or section 271DA (269T) or section 271E (269ST) shall be made for the block period in respect of a person if—

- (i) such person has furnished a return under clause (a) of sub-section (1) of section 158BC; (within the time specified in the notice)
- (ii) the tax payable on the basis of such return has been paid or, if the assets seized consist of money, the assessee offers the money so seized to be adjusted against the tax payable;
- (iii) evidence of tax paid is furnished along with the return; and
- (iv) an appeal is not filed against the assessment of that part of income which is shown in the return:

Where the undisclosed income determined by the Assessing Officer is in excess of the income shown in the return,

the penalty shall be imposed on that portion of undisclosed income determined,

which is in excess of the amount of income shown in the return.

**AUTHORITY COMPETENT TO MAKE
ASSESSMENT OF BLOCK PERIOD
SEC 158BG**

Authority competent to make assessment of block period – Section 158BG

The order of assessment for the block period shall be passed by an
Assessing Officer not below the rank of a
Deputy Commissioner or an Assistant Commissioner or
Deputy Director or an Assistant Director, as the case may be:

Previous Approval of the Additional Commissioner

- (i)** The notice under clause Sec 158BC requiring the searched assessee to furnish his return of income for the block period, as well as the
- (ii)** **Assessment Order for the block period** shall be issued or passed, as the case may be, with the previous approval of the Additional Commissioner or the Additional Director or the Joint Commissioner or the Joint Director.

**APPLICATION OF OTHER PROVISIONS
OF THIS ACT
SEC 158BH**

Save as otherwise provided in this Chapter, all other provisions of this Act shall apply to assessment made under this Chapter.

**CHAPTER NOT TO APPLY IN CERTAIN
CIRCUMSTANCES
SEC 158BI**

The provisions of this Chapter shall not apply where a search was initiated under [section 132](#), or books of account, other documents or any assets were requisitioned under [section 132A](#), **before the 1st day of September, 2024**, and proceedings in relation to such search or requisition, as the case may be, shall be governed by the other provisions of this Act.]

Levy of Tax, Interest and Penalty u/ss 158B to 158BI	
Tax	@ 60%
Surcharge	-
Interest	-
Penalty, if income declared in block period return	No penalty
Penalty, if income not declared in block period return	Penalty @ 50% of tax
Penalty for Cash Transactions (subject to certain conditions)	-
Prosecution	-

QUESTIONS

AND

ANSWERS ?

THANK YOU !

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