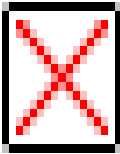


Time limit for assessing income which escaped assessment

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NOWADAYS

compliance portal of income tax department is flooded with information of income, investment, transactions etc and many are in receipt of notice under section 148 which deals with income escaped assessment. So, many have raised query on time limit for issuing such notices and also asked for confirmation whether information posted in compliance portal to be treated as notice under section 148. Hence this write-up.

Finance [Act, 2021](#)

, amended section 149 of Income Tax Act, with effect from 01/04/2021 reducing the time limit for reopening assessment to 3 years from the end of relevant assessment year if the income escaped assessment is below rupees 50 lakh and enhanced the time limit to 10 years from the end of relevant assessment year if income escaped assessment is rupees 50 lakh or more.

Earlier, same was 4 years if the income escaped assessment is less than rupees one lakh and 6 years if rupees one lakh and more. Sub clause (c) of clause 1 of Section 149 was allowing reassessment up to 16 years if the income in relation to any asset positioned outside India, chargeable to tax has escaped assessment without any monetary limit. That clause is no more there.

Issuing of notice during Financial Year 2021-22

During the year **2021-22**,

notice under section 148 can be issued by assessing officer for any amount with prior permission of prescribed authority for the assessment years **2018-19, 2019-20 and 2020-21**.

If income that has escaped assessment is rupees 50 lakh or more pertaining to assessment years **2015-16, 2016-17 and 2017-18** notice under section 148 can be issued by assessing officer with prior permission of prescribed authority during the year **2021-22**. If the income that escaped assessment for period 2015-16, 2016-17 and 2017-18 is less than 50 lakh, no notice under section 148 can be issued.

Section 149(1)(b) provides for 10 years for reassessment if income escaped assessment is rupees 50 lakh or more. But for assessment years **2011-12, 2012-13, 2013-14 and 2014-15**, notice under section **148 cannot be issued** by assessing officer during **2021-22** by virtue of first proviso to amended section 149(1) which provides that "no notice under section 148 shall be issued at any time in case for the relevant assessment year beginning on or before 1st day of April, 2021, if such notice could not have been issued at that time on account of being beyond the time limit specified under the provision of clause (b) of sub-section (1) of this section, as they stood immediately before commencement of Finance Act, 2021.

Said sub-section (before amendment) has a limitation period of 6 years and hence notice cannot be issued for the assessment years 2011-12, 2012-13, 2013-14 and 2014-15 even if escaped income is 50 lakh or more.

No notice under section 148 can be issued during 2021-22 for assessment pertaining to assessment year 2010-11 or years prior to that.

Attention of readers is invited to third proviso to Section 149(1) whereby time or extended time allowed to assessee as per show cause notice issued under clause (b) of section 148A or period during which proceeding under section 148A is stayed shall be excluded. For example, if assessee was given notice for reply pertaining to assessment year 2018-19 and was given 15 days for reply that 15 days shall be excluded from time limit and assessing officer can issue notice up to 15 April, 2022 even though period of limitation ends on 31 st March, 2022.

Reply to notice

If you are in receipt of notice under section kindly ensure that officer has recorded reasons for the same, carefully consider the reasons and if the same is already incorporated in your return, inform the assessing officer with copy of return. If the item is not included in your return, revise the return accordingly. If the reasons are invalid, challenge the validity of notice.

Information in compliance portal

Information posted in compliance portal cannot be treated as notice under section 148.

Time Limit for order .

For notices served on or after 01/04/2019, the order u/s 147 can be passed within 12 months from the end of financial year in which notice u/s 148 was served.

[The views expressed are strictly personal.]

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