

F.No.225/ 81/2022/ITA-II
Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes (ITA-II division)

North Block, New Delhi, the 11th May, 2022

To

All Pr. Chief Commissioners of Income-tax/ Chief Commissioners of Income-tax
All Pr. Director Generals of Income-tax/ Director Generals of Income-tax.

Madam/Sir

Subject: Guidelines for compulsory selection of returns for Complete Scrutiny during the Financial Year 2022-23 – procedure for compulsory selection in such cases – regarding.

Kindly refer to the above.

2. The parameters for compulsory selection of returns for Complete Scrutiny during Financial Year 2022-23 and procedure for compulsory selection in such cases are prescribed as under:

S No	Parameter	Procedure for compulsory selection
1	Cases pertaining to survey u/s 133A of the Income-tax Act,1961(Act)	
	Returns filed for the assessment year relevant to the previous year in which survey was conducted under section 133A of the Act subject to exclusion below: Exclusion: Cases, where following conditions are satisfied, are excluded from selection for compulsory scrutiny: <ol style="list-style-type: none">1. books of accounts, documents, etc. were not impounded;2. returned income (excluding any disclosure of hitherto undisclosed income made	The cases shall be selected for compulsory scrutiny with prior administrative approval of Pr. CIT/Pr.DIT/CIT/DIT concerned, who shall ensure that such cases are transferred to Central Charges u/s 127 of the Act within 15 days of service of notice u/s 143(2) of the Act by the Assessing Officer concerned.

	<p>during the Survey) is not less than returned income of preceding assessment year; and</p> <p>3. assessee has not retracted from the disclosure referred to in point 2 above.</p>	
2	Cases pertaining to Search and Seizure	
	<p>Assessments in Search and Seizure cases to be made under section(s) 153A, 153C read with section 143(3) of the Act and also for return filed for assessment year relevant to previous year in which the Search was conducted under section 132 or requisition was made under section 132A of the Act.</p>	<p>The cases shall be selected for compulsory scrutiny with prior administrative approval of Pr. CIT/Pr.DIT/CIT/DIT concerned, who shall ensure that such cases are transferred to Central Charges u/s 127 of the Act within 15 days of service of notice u/s 143(2)/142(1) of the Act by the Assessing Officer concerned.</p> <p>Where such cases are not centralized and Return of Income is filed in response to notice u/s 153C, the Assessing Officer concerned shall serve notice u/s 143(2) of the Act.</p> <p>Where such cases are not centralized and no Return of Income is filed in response to notice u/s 153C, the Assessing Officer concerned shall serve notice u/s 142(1) of the Act calling for information.</p>
3	Cases in which notices u/s 142(1) of the Act, calling for return, have been issued & no returns have been furnished	
	<p>Cases where no return has been furnished in response to a notice u/s 142(1) of the Act.</p>	<p>The Assessing Officer shall upload the underlying documents, on the basis of which notice u/s 142(1) was issued, on ITBA, for access by National Faceless Assessment Centre (NaFAC).</p> <p>The Directorate of Income-tax (Systems) shall forward these cases to NaFAC, which will take further necessary action.</p>

		Notice u/s 142(1) of the Act calling for information shall be served on the assessee through NaFAC.
4	Cases in which notices u/s 148 of the Act have been issued	
	Cases where return is <i>either</i> furnished <i>or</i> not furnished in response to notice u/s 148 of the Act.	<p>(i) Cases, where notices u/s 148 of the Act have been issued pursuant to search & seizure/survey actions conducted on or after the 1st day of April, 2021:</p> <p>These cases shall be selected for compulsory scrutiny with prior administrative approval of Pr. CIT/Pr.DIT/CIT/DIT concerned who shall ensure that such cases, if lying outside Central Charges, are transferred to Central Charges u/s 127 of the Act within 15 days of service of notice u/s 143(2)/142(1) of the Act calling for information by the Assessing Officer concerned.</p> <p>(ii) Cases not covered in (i) above:</p> <p>The Assessing Officer shall upload the underlying documents, on the basis of which notice u/s 148 was issued, on ITBA, for access by NaFAC.</p> <p>The Directorate of Income-tax (Systems) shall forward these cases to NaFAC, which will take further necessary action.</p> <p>Notice u/s 143(2)/142(1) of the Act calling for information shall be served on the assessee through NaFAC.</p>
5	Cases related to registration/ approval under various sections of the Act, such as 12A, 35(1)(ii)/ (iia)/ (iii), 10(23C), etc.	
	Cases where registration/approval under various sections of the Act, such as section 12A, 35(1)(ii)/ (iia)/ (iii), 10(23C), etc. have not been granted or have been cancelled/withdrawn by the Competent	The Assessing Officer shall prepare a list of cases falling under this parameter with

	<p>Authority, yet the assessee has been found to be claiming tax-exemption/deduction in the return. However, where such orders of withdrawal of registration/approval have been reversed/set-aside in appellate proceedings, those cases will not be selected under this clause.</p>	<p>prior administrative approval of Pr. CIT/Pr.DIT/CIT/DIT concerned.</p> <p>The list of such cases shall be submitted by the Pr. CIT/Pr.DIT/CIT/DIT to the Pr.CCIT concerned for onward transmission to NaFAC with a copy marked to DGIT(Systems).</p> <p>Notice u/s 143(2) of the Act shall be served on the assessee through NaFAC.</p>
6	Cases involving addition in an earlier assessment year(s) on a recurring issue of law or fact and/or law and fact	
	<p>Where the addition in an earlier assessment year(s) on a recurring issue of law or fact and/or law and fact (including transfer pricing issue) is:</p> <ol style="list-style-type: none"> a. exceeding Rs. 25 lakhs in eight metro charges at Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata, Mumbai and Pune; b. exceeding Rs. 10 lakhs in charges other than eight metro charges; <p>and where such an addition:</p> <ol style="list-style-type: none"> 1. has become final, as no further appeal has been preferred against the assessment order; or 2. has been upheld by the Appellate Authorities in favor of Revenue; even if further appeal of assessee is pending, against such order. 	<p>The Assessing Officer shall prepare a list of cases falling under this parameter with prior administrative approval of Pr. CIT/Pr.DIT/CIT/DIT concerned.</p> <p>The list of such cases shall be submitted by the Pr. CIT/Pr.DIT/CIT/DIT to the Pr.CCIT concerned for onward transmission to NaFAC with a copy marked to DGIT(Systems).</p> <p>Notice u/s 143(2) of the Act shall be served on the assessee through NaFAC.</p>
7	Cases related to specific information regarding tax-evasion	
	<p>Cases, in respect of which:</p> <ol style="list-style-type: none"> (a) specific information pointing out tax-evasion for the relevant assessment year is provided by any law-enforcement agency, (Investigation Wing/ Intelligence/ Regulatory Authority/ Agency, etc.) ; and 	<p>The Assessing Officer shall prepare a list of cases falling under this parameter with prior administrative approval of Pr. CIT/Pr.DIT/CIT/DIT concerned.</p> <p>The Assessing Officer shall upload the underlying documents containing specific</p>

	<p>(b) the return for the relevant assessment year is furnished by the assessee.</p>	<p>information regarding tax evasion, for access by NaFAC.</p> <p>The list of such cases shall be submitted by the Pr. CIT/Pr.DIT/CIT/DIT to the Pr.CCIT concerned for onward transmission to NaFAC with a copy marked to DGIT(Systems).</p> <p>Notice u/s 143(2) of the Act shall be served on the assessee through NaFAC.</p>
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3. It is clarified that where return has been furnished in response to notice u/s 142(1) of the Act and such notice u/s 142(1) of the Act was issued due to the information contained in NMS Cycle/SFT information/information received from Directorate of I&CI, such return will **not** be taken up for compulsory scrutiny. Selection of such cases for scrutiny will be done through CASS cycle.
4. The cases shall be selected for compulsory scrutiny by the International Taxation and Central Circle charges following the above prescribed parameters and procedure with prior administrative approval of Pr. CIT/Pr.DIT/CIT/DIT concerned. The cases which are selected for compulsory scrutiny by the International Taxation and Central Circle charges following the above prescribed parameters and procedure, shall, as earlier, continue to be handled by these charges.
5. As per the amendments brought by Finance Act 2021, the time limit for service of notice u/s 143(2) of the Act has been reduced to three months from end of the Financial Year in which the return is filed. Therefore, selection of cases and transfer of cases, wherein assessments have to be completed in faceless manner, to NaFAC shall be completed positively by **31.05.2022**. In cases selected for compulsory scrutiny, service of notice u/s 143(2) of the Act shall be completed by **30.06.2022**.
6. These instructions may be brought to the notice of all concerned for necessary compliance.

TCMS
11/05/2022
(Ravinder Maini)
Director (ITA-II), CBDT

Copy to:

- i. PS to FM/PS to MoS (F)
- ii. PS to Secretary (Revenue)
- iii. Chairman, CBDT & All Members, CBDT

- iv. All Joint Secretaries/CsIT, CBDT
- v. DGIT (Systems) for necessary action w.r.t. point no. 3-7 of the table at para no. 2, and para no.3 above
- vi. Web Manager with request to upload on the Departmental website
- vii. JDIT, Data-Base Cell for uploading on irsofficersonline website


11/05/2022
(Ravinder Maini)
Director (ITA-II), CBDT