

F.No.225/66/2023/ITA-II
Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes

North Block, New Delhi, the 24th May, 2023

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 2023-24 – 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 2023-24 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: a. books of accounts, documents, etc. were not impounded; b. returned income (excluding any disclosure of hitherto undisclosed income made during the Survey) is not less	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 Jurisdictional Assessing Officer (JAO) concerned. <i>(For Assessing Officers in International Taxation and Central Circle charges: refer Para 4.1 at Page No.06)</i>

S. No.	Parameter	Procedure for Compulsory Selection
	<p>than returned income of preceding assessment year; and</p> <p>c. assessee has not retracted from the disclosure referred to in point b above.</p>	
(2)	Cases pertaining to Search and Seizure	
(i)	<p><u>Search & seizure/requisition prior to 01.04.2021:</u></p> <p>Assessments in search & 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 u/s 132 or requisition was made u/s 132A of the Act.</p>	<p>The cases shall be selected for 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 Jurisdictional 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 Jurisdictional 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 Jurisdictional Assessing Officer concerned shall serve notice u/s 142(1) of the Act calling for information.</p>
(ii)	<p><u>Search & seizure/requisition on or after 01.04.2021:</u> Assessments in search & seizure cases/requisitions cases u/s 132/132A conducted on or after 01.04.2021.</p>	<p>The cases shall be selected for 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 Jurisdictional Assessing Officer concerned.</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>Jurisdictional Assessing Officers (JAOs) 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>

S. No.	Parameter	Procedure for Compulsory Selection
		<p>The Directorate of Income-tax (Systems) shall forward these cases to NaFAC, which will take further necessary action.</p> <p>Notice u/s 142(1) of the Act calling for information shall be served on the assessee through NaFAC.</p> <p><i>(For Assessing Officers in International Taxation and Central Circle charges: refer Para 4.1 at Page No.06)</i></p>
(4)	Cases in which notices u/s 148 of the Act have been issued	
	<p>Cases where return is <i>either</i> furnished <i>or</i> not furnished in response to notice u/s 148 of the Act.</p>	<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 Jurisdictional Assessing Officer concerned.</p> <p>(ii) Cases other than search & seizure/survey:</p> <p>a) For those cases which are to be completed by NaFAC on or before 31.03.2024, Jurisdictional Assessing Officers (JAOs) 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> <p><i>(For Assessing Officers in International</i></p>

S. No.	Parameter	Procedure for Compulsory Selection
		<i>Taxation and Central Circle charges: refer Para 4.1 at Page No.06)</i>
(5)	Cases related to registration/ approval under various sections of the Act, such as 12A, 12AB, 35(1)(ii)/ (iia)/ (iii), 10(23C), etc.	
	Cases where registration/approval under various sections of the Act, such as section 12A, 12AB,35(1)(ii)/(iia)/(iii),10(23C), etc. have not been granted or have been cancelled/withdrawn by the Competent 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>The Jurisdictional Assessing Officers (JAOs) 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 consolidated list of such cases shall be submitted by the Pr.CIT/Pr.DIT/CIT/DIT to the Pr.CCIT concerned. Pr.CCIT concerned shall forward this list of cases to Directorate of Income-tax (Systems).</p> <p>Notice u/s 143(2) of the Act shall be served on the assessee through NaFAC.</p> <p>The Jurisdictional Assessing Officers shall upload the underlying documents containing specific information regarding this parameter immediately.</p> <p><i>(For Assessing Officers in International Taxation and Central Circle charges: refer Para 4.1 at Page No.06)</i></p>
(6)	Cases involving addition in an earlier assessment year(s) on a recurring issue of law or fact and/or law and fact	
	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: <ul 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>The Jurisdictional Assessing Officers (JAOs) 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 consolidated list of such cases shall be submitted by the Pr.CIT/Pr.DIT/CIT/DIT to the Pr.CCIT concerned. Pr.CCIT concerned shall forward this list of cases to Directorate of Income-tax (Systems).</p> <p>Notice u/s 143(2) of the Act shall be served on the assessee through NaFAC.</p> <p>The Jurisdictional Assessing Officers shall</p>

S. No.	Parameter	Procedure for Compulsory Selection
	<p>and where such an addition:</p> <p>(i) has become final, as no further appeal has been preferred against the assessment order; or</p> <p>(ii) has been upheld by the Appellate Authorities in favor of Revenue; even if further appeal of assessee is pending, against such order.</p>	<p>upload the underlying documents containing specific information regarding this parameter immediately.</p> <p><i>(For Assessing Officers in International Taxation and Central Circle charges: refer Para 4.1 at Page No.06)</i></p>
(7)	Cases related to specific information regarding tax-evasion	
	<p>Cases, in respect of which:</p> <p>(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> <p>(b) the return for the relevant assessment year is furnished by the assessee.</p>	<p>The Jurisdictional Assessing Officers (JAOs) 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 consolidated list of such cases shall be submitted by the Pr.CIT/Pr.DIT/CIT/DIT to the Pr.CCIT concerned. Pr.CCIT concerned shall forward this list of cases to Directorate of Income-tax (Systems).</p> <p>Notice u/s 143(2) of the Act shall be served on the assessee through NaFAC.</p> <p>The Jurisdictional Assessing Officers shall upload the underlying documents containing specific information regarding this parameter immediately.</p> <p><i>(For Assessing Officers in International Taxation and Central Circle charges: refer Para 4.1 at Page No.06)</i></p>

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/ AIS/ Statement of Financial Transactions (SFT)/ CPC-TDS 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 information pertaining to Compulsory Scrutiny may not be transferred to NaFAC unless the case itself transferred. It is further clarified that communication to NaFAC for access and/or further action after selection for Compulsory Scrutiny will not apply to the International taxation and Central charges.

4.1. The cases which are selected for compulsory scrutiny by the International Taxation and Central Circle charges following the above parameters and procedure prescribed at Para 2, shall continue to be handled by International Taxation and Central Circle charges respectively, as earlier.

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.

(i) Therefore, for actions related to cases under Parameters at S.No.4(ii), 5, 6 and 7 of Para 2 above, the following timelines shall be followed:

S. No.	Action	Last Date
1.	Selection and transfer of cases, wherein assessments have to be completed in faceless manner, to NaFAC	09.06.2023
2.	Service of Notice u/s 143(2) of the Act in cases selected for Compulsory Scrutiny	30.06.2023

(ii) For all the cases selected for Compulsory Scrutiny, service of Notice u/s 143(2) of the Act shall be completed within the statutory time line i.e., by **30.06.2023**.

6. These instructions may be brought to the notice of all concerned for necessary compliance.

T. Jayaprakash.T
(Castro Jayaprakash.T)

Under Secretary (ITA-II), CBDT

Copy to:

1. PS to FM/PS to MoS (F)
2. PS to Secretary (Revenue)
3. Chairman, CBDT & All Members, CBDT
4. All Joint Secretaries/CsIT, CBDT
5. DGIT (Systems)-1 and 2 for necessary action w.r.t. point no. 3,4,5,6 and 7 of the table at Para 2, Para 3 and Para 5 above
6. Web Manager with request to upload on the Departmental website
7. JDIT, Data-Base Cell for uploading on irsofficersonline website

Sd -
(Castro Jayaprakash.T)

Under Secretary (ITA-II), CBDT