



E-ASSESSMENT AND ISSUES IN SCRUTINY ASSESSMENT OF OCM

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TWO MODELS

- Conduct of Assessment proceedings electronically – Instruction 8/2017 dated 29.9.2017
- E – assessment scheme as per notification dated 12th September 2019

AY 2017-18 MODEL

- Income tax Business Application (ITBA) model
- Mandatory in 7 selected cities (metros)
- Migrated to ITBA model by issue of notice dated 8.10.2017 in other cities

AY 2017-18 MODEL

- Manual procedure to be followed for
 - 153A / 153 C – search assessments
 - TP cases
 - Set aside cases
 - 144A cases by Range Head

AY 2017-18 MODEL

- Notice u/s 142(1)(ii) delivered to e-filing account
- Response to carry declaration under **Rule 14 of IT Rules** - I declare that to the best of my knowledge and belief , the information furnished in the statement / statements is correct and complete and other particulars shown therein are truly stated
- Option to e-verify using DSC

AY 2017-18 MODEL

- Response sheet has prefill PAN, Assessee name, AY, Proceedings name, notice details and date
- Response type – Drop down : Partial / Full
- Response reference letter

AY 2017-18 MODEL

- Any number of attachments can be made
- Each attachment should not exceed 10MB size
- Attachment name, description to be given
- E- Acknowledgement generated on uploading

AY 2017-18 MODEL

- Manual model can be resorted to if electronic service not possible
- All e notices to be digitally signed by AO
- Online submission till office hours on the date stipulated for compliance

AY 2017-18 MODEL

- Electronic facility for submission shall automatically close 7 days before time barring
- Further time can be allowed under intimation to Range Head in ITBA
- Earlier if AO closes by entry in electronic order sheet “hearing concluded”

AY 2017-18 MODEL

- **Shift to manual when :**
 - Books or original documents have to be examined
 - AO invokes section 131 or notice issued to 3rd party for evidence
 - Examination of witness is required
 - SCN is issued and assessee seeks personal hearing

AY 2017-18 MODEL

- Transfer to cases to various ITOs
- No back records/ No back ground details of the assessee
- Lack of training for AO to adapt to the new model

NEW MODEL

- From AY 2018-19
 - National e-assessment centre (NU)
 - Regional e-assessment centre (RU)
 - Assessment unit (AU)
 - Technical unit (TU)
 - Review unit

NEW MODEL

NU → Notice u/s 143(2) → Response
in 15 days

National → Asst unit under region

AU → NU → further information /
conducting of enquiry / seek technical
assistance

NEW MODEL

- NU → assessee further information
- Enquiry / verification → NU → VU
- Technical assistance → NU → TU
- AU to make draft Order

NEW MODEL

- **NU can**
 - **treat draft and final and issue to assessee**
 - **provide assessee opportunity if modification is proposed**
 - **assign to review unit**

NEW MODEL

- Review unit can
 - concur with draft order and inform NU
 - suggestion modification and inform NU

NEW MODEL

- **NU while finalising assessment order**
 - **Risk management strategy of Board**
 - **Automated examination Tool**

SCRUTINY - OCM

- The Department has issued following Internal Guidelines for Assessing Officers:
 - 1. Instruction No. 3 of 2017 dated 21.02.2017
 - 2. Instruction No. 4 of 2017 dated 03.03.2017
 - 3. SOP dated 15.11.2017
 - 4. SOP dated 05.03.2019
 - 5. Internal Guidance note dated 13.06.2019
- In the case of cash deposits in a bank account, the addition should be considered under section 68, 69A

SCRUTINY - OCM

- Section (12A) ‘books or books of account’ includes ledgers, day-books, cash books, account-books and other books, whether kept in the written form or as print-outs of data stored in a floppy, disc, tape or any other form of electro-magnetic data storage device;”
- Section 44AA of the IT Act lays down provision regarding maintenance of accounts by certain persons carrying on profession or business.

SCRUTINY - OCM

- In view of the above provisions, addition should be made u/s 68 of the I-T Act if:
 - 1. the assessee is maintaining books of account, and
 - 2. the amount is credited in these books of account
- If the assessee is having business income and books of account are maintained, bank account constitutes books of account.

SCRUTINY - OCM

- However, if the assessee is either:
- 1. not having business income, or
- 2. assessee is not maintaining books of account, or
- 3. disclosing income on presumptive basis without maintaining books of account, bank account does not constitute his books of account and addition should be made u/s 69A of the I-T Act.

SCRUTINY - OCM

- From AY 2017-18 onwards, tax is payable u/s 115BBE of IT Act where addition has been made u/s section 68, section 69, section 69A, section 69B, section 69C or section 69D of IT Act.

SCRUTINY - OCM

- In SOP dated 05.03.2019, it is stated as follows:
- '2.3 It has been decided that in 'best judgement assessment' order being framed under this SOP, the Range Head shall mandatorily issue directions from time to time under section 144A of the Act. Further, Range Head would also monitor framing of the final assessment order.'

SCRUTINY - OCM

- **Comparison of cash collections – year ended 31.3.2016 ; April – Oct 2016 ; Post Nov 2016**
- **CASS reason : cash deposits not in line with assessee profile**

SCRUTINY - OCM

- Whether reason for mounting cash in hand in F.Y. 2016-2017 till 08.11.2016 has been obtained
- Whether small part of the cash is deposited in or withdrawn from the Bank despite having huge cash in hand.

SCRUTINY - OCM

- Whether the quarterly VAT Return is revised in the post-demonetisation period.
- Whether the reason for the revision has been obtained.
- Whether there are large changes in the purchase and sales figures between the original and the revised VAT returns and changes are for genuine reasons

SCRUTINY - OCM

- Books results rejected
- Addition made under 68 – 69A
- Tax calculated u/s 115BBE
- Penalty u/s 271AAC

SCRUTINY - OCM

- Cash deposit more than cash balance as per books
- Explanation for cash accepted, but return filed late – Hence , 115BBE
- Capital gains – more money deposited than document value

SCRUTINY - OCM

- **Doctor / Advocate – all professional receipts only in cash**
- **Retail sales predominantly in cash**
- **Wholesale – discount sale during Onam reflected as cash balance**

SCRUTINY – 270A

- First year of new penalty law
- Misreporting / Under reporting of income
- Striking off relevant portion in notice

THANK YOU !!!