

The How Of I-T Assessment
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The assessment process ordinarily commences from preparation of voluntary return by the assessee to the final computation of income and tax by the Assessing Officer.

One can easily divide the whole process into two broad stages.

- ❑ Pre-assessment stage
- ❑ Assessment proceedings stage Often, the second stage does not mean an end to the computation of income and tax rather it may be followed by an appellate proceeding which is usually lengthy and time consuming, if not costly.

Pre-assessment stage

One has to exercise extreme care, caution and vigilance during this stage, otherwise Serious consequences by way of huge demands of tax, interest, penalty may follow and in some cases, it may end up into prosecution proceedings.

This stage can be further divided into two categories

- ❑ compliance of provisions relating to tax and
- ❑ preparations for the filing of a return.

Following compliance of provisions relating to tax be made:

- ❑ Advance payment of tax by calling for necessary details -and particulars periodically and reviewing tax liability position.
- ❑ Making deduction of tax from various payments and depositing it within a prescribed time.
- ❑ Filing/issuing various forms/ *certificate* of tax deduction at source within the prescribed time.
- ❑ Seeing that books of accounts are audited in time so as to avoid last minute difficulties.

During preparation of a return of income, one has to exercise all possible care to see that a correct and complete return is filed.

- ❑ prepare a check list in order to ensure that there is no error or omission.
- ❑ the books of accounts and other records of the assessee be examined before finalisation of the return of income.
- ❑ the return should be accompanied by not only the mandatory enclosures but also all other relevant accounts documents and evidences, which may be considered necessary, because, that may help the assessee in case reassessment proceedings are initiated later on relating to any of the matters so disclosed.
- ❑ cross-verification of facts should be made at this stage itself.

Stage of assessment proceedings

This is a very crucial stage in the whole process of assessment because any lapse or carelessness may prove too 'costly and hence, both the assessee as well as his authorised representative are supposed to be extra cautious, careful and meticulous at this stage.

It commences with the issuance of notice under Section 143 (2) or 142 (1) of the Act. Usually such notices are issued by Assessing Officer in accordance with the action plan prepared by the Board. The proceedings for assessment before Assessing Officer are described as quasi-judicial in character, though it may be purely administrative prior to issue of notice under section 143(2).

The assessment can be made only after fulfilment of the following:.,

- The assessee is given a reasonable time and sufficient opportunity to produce such evidence as he may consider necessary.
- Similar opportunity is given to him in respect of any clarifications or further evidence required by Assessing Officer with regard to the evidence produced by assessee or he wants to rely upon any material gathered against the appellant.

The Assessing Officer may carry out the inquiries privately or confidentially or may issue summons to the witnesses and record his statement in the presence of the appellant or even behind his back or may gather and collect information which will be relevant or useful for an assessment. But the Assessing Officer will satisfy himself about the correctness of the information and in case the said information is to be used against the appellant the same should be put to him and allowed a fair opportunity to meet with it.

Duties of the appellant

- Once the Assessing Officer considers the return filed by the appellant as incorrect and incomplete, it is the duty of the appellant to satisfy him by producing necessary materials. The burden is on the appellant to prove the facts necessary to establish a claim of deduction, exemption or loss. Therefore, he should produce his account books, documents and all such material which he considers necessary in support of his return filed.
- The appellant should furnish any further additional evidence or further information/clarifications sought by the AO.
- The inquiry before assessment will require frequent hearings. It is also advisable that he maintains a proceedings sheet with notings as to the result at each date of hearing so that in the event of any ex parte assessment or allegation as to non-production of any material, the same may be relied upon.
- In case the appellant seeks adjournment, he should apply preferably in writing together with necessary evidence as to the cause.
- Often, it is found that the evidence produced before Assessing Officer is not kept by the assessee in duplicate along with a forwarding letter.
- It is also essential that whenever any show-cause notice or letter is received from the Assessing Officer, it is replied para-wise and in case the opportunity given is considered inadequate, the reasons thereof are spelled out along with evidence to support it.
- In case of claim for any deduction of the expense, it may be mentioned that books of accounts maintained in the regular course of business are relevant and constitute a very good piece of evidence of their contents but it cannot be said that they are conclusive.
- In case the assessment is based on admission of the assessee, more particularly in survey and search cases, though it is a relevant and best piece of evidence that can be available against him, still it is not conclusive so that it is open to him to show that it is not correct or was given under some erroneous impression or is contrary to facts.
- The evidence tendered on an affidavit before Assessing Officer is a sufficient proof, if the assessee is not called upon to produce evidence in support of the contents of it or the deponent is not cross-examined by the Assessing Officer.

Filing of a revised return

Often during the course of proceedings, there may arise situations when the assessee may think of filing a revised return under Section 139(5), provided that he discovers any omission or wrong statement in the original return filed in time.

However, the filing of a revised return mechanically without regard to the stage of inquiry made by Assessing Officer may lead the assessee to the penal consequences. The important point in this regard is whether or not he made deliberately wrong statement or it can be said to be due to bona fide inadvertence or mistake. Therefore, unless the return is being revised voluntarily and before detection by Assessing Officer as well, so as to cure bona fide mistake or omission, one should refrain from filing it during this stage.

Completion of assessment

The Assessing Officer should pass a speaking order by giving reasons in support of the conclusions reached by him. The assessment once made is final and can be modified or interfered only in accordance with law and in the manner provided under the Act.