

INCOME-TAX ACT, 2025

A: Procedure for assessment

Section 276 - Method of accounting.

(1) Income chargeable under the head “Profits and gains of business or profession” or “Income from other sources” shall, subject to the provisions of sub-section (2), be computed as per either cash or mercantile system of accounting regularly employed by the assessee.

(2) The Central Government may notify income computation and disclosure standards to be followed by any class of assesseees or in respect of any class of income.

(3) The Assessing Officer may make an assessment in the manner provided in section 271, where--

(a) he is not satisfied about the correctness or completeness of the accounts of the assessee; or

(b) the method of accounting provided in sub-section (1) has not been regularly followed by the assessee; or

(c) income has not been computed as per the standards notified under sub-section (2).