

INCOME-TAX ACT, 2025

A: Procedure for assessment

Section 281 - Procedure before issuance of notice under section 280.

(1) Where the Assessing Officer has information which suggests that income chargeable to tax has escaped assessment in the case of an assessee for the relevant tax year, he shall, before issuing any notice under section 280 provide an opportunity of being heard to such assessee by serving upon him a notice to show cause as to why notice under section 280 should not be issued.

(2) The notice to show cause referred to in sub-section (1) shall be accompanied by the information which suggests that income chargeable to tax has escaped assessment in his case for the relevant tax year, and on receipt of such notice, the assessee may furnish his reply within such period, as specified therein.

(3) The Assessing Officer shall, on the basis of material available on record and taking into account the reply of the assessee furnished under sub-section (2), if any, pass an order with the prior approval of the specified authority determining whether or not it is a fit case to issue notice under section 280.

(4) The provisions of this section shall not apply to income chargeable to tax escaping assessment for any tax year in the case of an assessee, where the Assessing Officer has received—

(a) information under the scheme notified under section 260; or

(b) directions issued by the Approving Panel under section 274(6); or

(c) any finding or direction contained in an order passed by any authority, Tribunal or court in any proceeding under this Act by way of appeal, reference or revision, or by a Court in any proceeding under any other law.