

INCOME-TAX ACT, 2025

B: Powers

Section 250 - Application of seized or requisitioned assets.

(1) The amount of the following liabilities may be recovered out of the assets seized under section 247 or requisitioned under section 248 in the following manner, namely:—

(a) the amount of any existing liability (other than advance tax payable the provisions of Part C of Chapter XIX) this Act, the Income-tax Act, 1961, the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 and in respect of which such person is in default or is deemed to be in default;

(b) the amount of the liability determined on completion of the assessment or reassessment or recomputation and the assessment of the year relevant to the tax year in which search is initiated or requisition is made, or the amount of liability determined on completion of the assessment under Part B of Chapter XVI for the block period, as the case may be (including any penalty levied or interest payable in connection with such assessment), and in respect of which such person is in default or is deemed to be in default;

(c) the amount of liability arising on an application made before the Interim Boards for Settlement under section 245C(1) of the Income-tax Act, 1961.

(2) The Assessing Officer may release the assets seized as referred to in sub-section (1) or portion of such asset to the person from whose custody the assets were seized, on an application made by the person concerned within thirty days from the end of the month in which the asset was seized, on fulfilment of the following requirements:--

(a) after being satisfied on the basis of explanation furnished by such person that the nature and source of acquisition of such assets is explained;

(b) after recovering any existing liability referred to in sub-section (1) out of such assets; and

(c) after obtaining prior approval of the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner.

(3) The assets referred to in sub-section (2) shall be released within one hundred and twenty days from the date on which the last of the authorisations for the search or requisition was executed.

(4) If the assets as referred to in sub-section (1) consist solely of money, or partly of money and partly of other assets, the Assessing Officer may apply such money in the discharge of the liabilities referred to in sub-section (1) and the assessee shall be discharged of such liability to the extent of the money so applied.

(5) The assets, other than money, may also be applied for discharge of liabilities referred to in sub-section (1), as remains undischarged, and shall be deemed to be under distraint as if such distraint was effected by the Assessing Officer or Tax Recovery Officer under authorisation from the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner under section 416(7) and the recovery of any liability out of such assets shall be effected in such manner as may be prescribed.

(6) The mode of recovery of liabilities under sub-section (1) shall not preclude the recovery of liabilities aforesaid by any other mode laid down in this Act.

(7) Any assets or proceeds thereof, which remain after the liabilities referred to in sub-section (1) are discharged shall be forthwith made over or paid to the person from where custody the assets were

seized.

(8) The Central Government shall pay simple interest at the rate of 0.5% for every month or part of a month for the period on the amount determined in accordance with the following formula:--

$$(A-B)+(C-D)$$

where—

A = the aggregate amount of money seized under section 247 or requisitioned under section 248;

B = the amount of money, if any, released under sub-section (2);

C = the proceeds, if any, of the assets sold towards the discharge of the liability under sub-section (1);
and

D = the aggregate amount required to meet the liabilities referred to in sub-section (1).

(9) The period referred to in sub-section (8) shall be from the date immediately following the expiry of one hundred and twenty days from the date on which the last of the authorisations for the search under section 247 or requisition under section 248 was executed to the date of completion of the assessment or reassessment or recomputation.