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INCOME-TAX ACT, 2025

B: Special procedure for assessment of search cases

Section 293 - Computation of total undisclosed income of block period.

(1) The total undisclosed income of the block period referred to in section 292(1) shall be the aggregate of the following:—

(a) undisclosed income declared in the return furnished under section 294;

(b) undisclosed income determined by the Assessing Officer under sub-section (4).

(2) The following income shall not be included in the total undisclosed income of the block period:––

(a) the total income determined or assessed, as the case may be, under section 270(1) or (10) or section 271 or 279 or 294(1)(c) of this Act or section 143 or 144 or 147 or 153A or 153C or 158BC or 245D(4) of the Income-tax Act, 1961 prior to the date of initiation of the search or the date of requisition, in respect of any of the tax year falling within the block period;

(b) the total income declared in the return of income filed under section 263 of this Act or section 139 of Income-tax Act, 1961, or in response to a notice under section 268(1) of this Act or section 142(1) of Income-tax Act, 1961 prior to the date of initiation of the search or the date of requisition, in respect of any of the tax year falling within the block period, and not covered under clause (a);

(c) the income computed by the assessee, in respect of––

(i) a tax year, where such tax year has ended and the due date for furnishing the return for such year has not expired prior to the date of initiation of the search or the date of requisition, on the basis of entries relating to such income or transactions as recorded in the books of account and other documents maintained in the normal course before the date of initiation of search or the date of requisition;

(ii) the period commencing from the 1st April of the tax year in which the search is initiated or requisition is made and ending on the day immediately preceding the date of initiation of search or requisition, on the basis of entries relating to such income or transactions as recorded in the books of account and other documents maintained in the normal course for such period on or before the day immediately preceding the date of initiation of search or the date of requisition;

(iii) the period commencing from the date of initiation of the search or the date of requisition and ending on the date of the execution of the last of the authorisations for search or requisition, on the basis of entries relating to such income or transactions as recorded in the books of account and other documents maintained in the normal course for such period on or before the date of the execution of the last of the authorisations;

(d) the total income referred to in section 207(8) or section 216 or section 393(1) [Table: Sl. No. 8(iii)] of this Act, or section 115A(5) or section 115G or 194P(1) of the Income-tax Act, 1961.

(3) For the purposes of sub-section (2)(c), where the Assessing Officer is of the opinion that any part of the income as computed by the assessee under the said sub-section is undisclosed, he may recompute such income.

(4) The undisclosed income falling within the block period, shall be computed on the basis of following:––

(a) evidence found as a result of search or survey or requisition;

(b) any other material or information as are either available with the Assessing Officer or comes to his notice during the course of proceedings under Part B.

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(5) Where any income required to be determined —

(a) as a result of search or requisition of books of account or other documents, or based on any other material or information as are either available with the Assessing Officer or comes to his notice during the course of proceedings under this Part; or

(b) based on entries relating to income or transactions as recorded in books of account and other documents maintained in the normal course on or before the date of the execution of the last of the authorisations,

relates to any international transaction or specified domestic transaction referred to in section 166, and pertains to the period beginning from the 1st April of the tax year in which last of the authorisations was executed and ending with the date of execution of the last of the authorisations, then irrespective of provisions of section 292(6)—

(i) such income shall not be considered for the purposes of determining the total undisclosed income of the block period; and

(ii) such income shall be considered in the assessment made under other provisions of this Act.

(6) For the purposes of determination of undisclosed income,––

(a) of a firm, such income assessed for each of the tax years falling within the block period shall be the income determined before allowing deduction of salary, interest, commission, bonus or remuneration, by whatever name called, to any partner not being a working partner;

(b) the provisions of sections 102, 103, 104 and 105 shall, so far as may be, apply and reference to tax year in those sections shall be construed as references to the relevant tax year falling in the block period;

(c) the provisions of section 166 shall, so far as may be, apply and reference to tax year in that section shall be construed as reference to the relevant tax year falling in the block period excluding the period referred to in sub-section (5).

(7) The tax referred to in section 292(7) shall be charged on the total undisclosed income pertaining to the block period determined in the manner specified in sub-sections (1), (2) and (3).

(8) For the purposes of assessment, losses brought forward from the tax year (prior to the first tax year comprising the block period) under Chapter VII or unabsorbed depreciation under section 33(11) shall not be set off against the undisclosed income determined in the block assessment under this part.

(9) Losses or unabsorbed depreciation as referred to in sub-section (8) may be carried forward for being set off in the tax year subsequent to the tax year in which the block period ends, for the remaining period, taking into account the block period and such tax year, and as per the provisions of this Act.

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