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INCOME-TAX ACT, 2025

B: Special procedure for assessment of search cases

Section 294 - Procedure for block assessment.

(1) Where any search has been initiated or requisition is made in the case of any person, then,––

(a) the Assessing Officer shall, in respect of such search or requisition, issue a notice to such person, requiring him to furnish within a period specified in the notice, not exceeding sixty days, a return in the form and verified in the manner, as may be prescribed, setting forth his undisclosed income, for the block period, and––

(i) such return shall be considered as if it was a return furnished under section 263 and thereafter notice under section 270(8) shall be issued;

(ii) any return furnished beyond the period allowed in the notice shall not be deemed to be a return under section 263;

(iii) no notice under section 280 is required to be issued for the purpose of proceeding under this part;

(iv) a person who has furnished a return under this clause shall not be entitled to furnish a revised return;

(v) the time allowed for furnishing a return under this clause may be extended by a further period of thirty days, where—

(A) in respect of a tax year immediately preceding the tax year in which the search is initiated or requisition is made, the due date for furnishing the return has not expired prior to the date of initiation of such search or requisition;

(B) the assessee was liable for audit under section 63 for such tax year;

(C) the accounts (maintained in normal course) of such tax year have not been audited on the date of issuance of such notice; and

(D) the assessee requests in writing for extension of time for furnishing such return to get such accounts audited;

(b) the Assessing Officer shall proceed to determine the total undisclosed income of the block period in the manner laid down in section 293 and the provisions of sections 268, 270(8), 270(10), 271, 276, 277 and 278 shall, so far as may be, apply;

(c) the Assessing Officer, on determination of the total undisclosed income of the block period in accordance with this part, shall pass an order of assessment or reassessment and determine the tax payable by him on the basis of such assessment or reassessment, and the provisions of section 275 shall not apply in respect of such order;

(d) the assets seized under section 247 or requisitioned under section 248 shall be dealt with as per section 250.

(2) The provisions of section 270(1) shall not apply to the return furnished under this section.

(3) The Assessing Officer, before issuance of notice under sub-section (1)(a), shall take prior approval of the Additional Commissioner or the Additional Director or the Joint Commissioner or the Joint Director.

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