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INCOME-TAX ACT, 2025

B: Special procedure for assessment of search cases

Section 295 - Undisclosed income of any other person.

(1) Where the Assessing Officer is satisfied that any undisclosed income belongs to or pertains to or relates to any person (herein referred to as the other person), other than the person (herein referred to as the specified person) with respect to whom search was initiated under section 247 or requisition was made under section 248, then––

(a) any money, bullion, jewellery, virtual digital asset or other valuable article or thing or any books of account or other documents seized or requisitioned or any other material or information relating to the aforesaid undisclosed income shall be handed over to the Assessing Officer having jurisdiction over such other person; and

(b) Assessing Officer of the other person shall proceed under section 294 against such other person and the provisions of this part shall apply accordingly.

(2) For the purposes of this section,––

(a) where there is one specified person relevant to such other person, the block period for such other person shall be the same as that for the specified person;

(b) where there is more than one specified persons relevant to such other person, the block period for such other person shall be the same as that for the specified person in whose case the block period ends on a later date;

(c) where the undisclosed income of the other person pertains only to the period––

(i) commencing from the tax year (herein referred to as the specified year) immediately preceding the year of initiation of search or requisition; and

(ii) ending on the date of initiation of search or making of requisition,

then irrespective of the provisions of section 301(a), the block period in respect of such other person shall comprise of the specified year and the period starting from the 1st April of the tax year in which search was initiated or requisition was made and ending on the date of the execution of the last of the authorisations for such search or such requisition;

(d) where the undisclosed income of the other person pertains to a single tax year out of the five tax years preceding the specified year, then irrespective of the provisions of section 301(a), the block period in respect
of such other person shall comprise of only that single tax year. [1]

(3) In case of such other person as referred to in sub-section (1), for the purposes or abatement under section 292(2) and (3), the reference to the date of initiation of the search under section 247 or making of requisition under section 248 shall be construed as reference to the date on which such money, bullion, jewellery, virtual digital asset or other valuable article or thing or any books of account or other documents seized or requisitioned or any other material or information relating to the aforesaid undisclosed income were received by the Assessing Officer having jurisdiction over such other person.

1. Inserted by The Finance Act, 2026

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