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INCOME-TAX ACT, 2025

B: Special procedure for assessment of search cases

Section 296 - Time-limit for completion of block assessment.

(1) (a) Irrespective of the provisions of section 286, the order under section 294 shall be passed within eighteen months from the end of the quarter in which the search was initiated or requisition was made. [1]

(b) Where in pursuance to section 294(1)(a)(v), the time allowed under the said section for furnishing return is extended by a further period of thirty days, the provisions of sub-section (1) and (5) shall have effect, as if for the words “twelve months”, the words “thirteen months” had been substituted.

(2) Where search was initiated or requisition was made, and during the course of assessment or reassessment of the total undisclosed income of the relevant block period, any reference under section 166(1) is made, the period available for completion of such assessment or reassessment proceeding shall be extended by twelve months.

(3) In computing the period of limitation under sub-section (1), the period (not exceeding one hundred eighty days) commencing from the date on which a search is initiated or a requisition is made and ending on the date on which assets [as provided in section 261(b)] and material seized or requisitioned [as provided in section 261(i)] are handed over to the Assessing Officer having jurisdiction over the assessee shall be excluded.

(4) If after exclusion of the period referred to in sub-section (3), the remaining period of limitation for completion of assessment or reassessment, expires before the end of a month, such period shall be extended to end of such month.

(5) The period of limitation for completion of assessment or reassessment for the block period in the case of the other person referred to in section 295 shall be twelve months from the end of the quarter in which the notice under section 294 in pursuance of section 295, was issued to such other person.

(6) The period available for completion of assessment or reassessment proceeding in respect of the block period in a case referred to in sub-section (5) shall be extended by twelve months, where a reference under section 166(1) is made in such case.

(7) In computing the period of limitation under this section, the following period shall be excluded,—

(a) the period commencing on the date on which stay on assessment proceeding was granted by an order or injunction of any court and ending on the date on which certified copy of the order vacating the stay was received by jurisdictional Principal Commissioner or Commissioner; or

(b) the period commencing from the date on which a first of the reference for exchange of information (made by an authority competent under an agreement referred to in section 159) is made and ending with the date on which such information requested is last received by the jurisdictional Principal Commissioner or Commissioner or one year, whichever is less; or

(c) the time taken in reopening the whole or any part of the proceeding or giving an opportunity to the assessee to be re-heard under section 244(2); or

(d) the period commencing from the date on which the Assessing Officer directs the assessee to get his accounts audited or inventory valued under section 268(5), and—

(i) ending with the last date on which the assessee is required to furnish a report of such audit or inventory valuation under that sub-section; or

(ii) where such direction is challenged before a court, ending with the date on which the certified copy of

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the order setting aside such direction is received by the jurisdictional Principal Commissioner or Commissioner; or

(e) the period commencing from the date on which the Assessing Officer makes a reference to the Valuation Officer under section 269(1) and ending with the date on which the report of the Valuation Officer is received by the Assessing Officer; or

(f) the period commencing from the date on which the Assessing Officer intimates the Central Government or the prescribed authority, the contravention of the provisions of Schedule III (Table: Sl. No. 23, 24 or 25) as referred to in section 270(11)(i) and ending with the date on which the copy of the order withdrawing the approval or rescinding the notification, under those clauses is received by the Assessing Officer; or

(g) the period commencing from the date on which the Assessing Officer makes a reference to the Principal Commissioner or Commissioner as per section 270(13) and ending with the date on which the copy of the order under section 351(2)(ii)(A)or (B), is received by the Assessing Officer; or

(h) the period commencing from the date on which a reference for declaration of an arrangement to be an impermissible avoidance arrangement is received by the jurisdictional Principal Commissioner or Commissioner under section 274(1) and ending on the date on which a direction under sub-section (3) or (6) or an order under sub-section (5) of the said section is received by the Assessing Officer; or

(i) the period commencing from the date on which an application is made before the Board for Advance Rulings under section 383(1) and ending with the date on which the order rejecting the application is received by the jurisdictional Principal Commissioner or Commissioner under section 384(5); or

(j) the period commencing from the date on which an application is made before the Board for Advance Rulings under section 383(1) and ending with the date on which the advance ruling pronounced by it is received by the jurisdictional Principal Commissioner or Commissioner under section 384(8).

(8) Where immediately after the exclusion of the period referred to in sub-section (3) or (7), the remaining period of limitation referred to in sub-section (1) or (5) available to the Assessing Officer for completion of assessment under section 294 is less than sixty days, such remaining period shall be extended to sixty days and the aforesaid period of limitation shall be deemed to be extended accordingly.

(9) Where after extension of the period referred to in sub-section (8), the period of limitation for making an order of assessment or reassessment, expires before the end of a month, such period shall be extended to the end of such month.

1. Substituted by The Finance Act, 2026 for

Irrespective of the provisions of section 286, the order under section 294 shall be passed within twelve months from the end of the quarter in which the last of the authorisations for search was executed, or requisition was made.

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