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INCOME-TAX ACT, 2025

Chapter XXI: PENALTIES

Section 472 - Bar of limitation for imposing penalties.

(1) No order imposing a penalty under this Chapter shall be passed after the expiry of six months from the end of the quarter in which—

(a) the proceedings, in the course of which action for the imposition of penalty has been initiated, are completed, if the relevant assessment or other order is not the subject-matter of an appeal under section 356 or 357 or 362;

(b) the order of revision is passed, if the relevant assessment or other order is the subject-matter of revision under section 377 or 378;

(c) the order of appeal is received by the jurisdictional Principal Commissioner or Commissioner, if the relevant assessment or other order is the subject-matter of an appeal under section 356 or 357 or 362;

(d) notice for imposition of penalty is issued, in any other case.

(2) The order imposing or enhancing or reducing or cancelling penalty or dropping the proceedings for the imposition of penalty may be revised on the basis of assessment as revised by giving effect to the order under section 356 or 357 or 362 or 365 or 367 or revision under section 377 or 378, where the relevant assessment or other order is the subject-matter of an appeal or revision under the said sections.

(3) No order imposing or enhancing or reducing or cancelling penalty or dropping the proceedings for the imposition of penalty under sub-section (2) shall be passed—

(a) unless the assessee has been heard, or has been given a reasonable opportunity of being heard;

(b) after the expiry of six months from the end of the quarter in which the order under section 356 or 357 or 362 or 365 or 367 is received by the jurisdictional Principal Commissioner or Commissioner or the order of revision under section 377 or 378 is passed.

(4) The provisions of section 471(2) shall apply to the order imposing or enhancing or reducing penalty under this section.

(5) In computing the period of limitation for the purposes of this section, following period shall be excluded—

(a) the time taken in giving an opportunity to the assessee to be reheard under the section 244 (2);

(b) the period commencing on the date on which stay on proceeding for levy of penalty 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.

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