# Understanding of various IT Assessments

## What is meant by Assessment?

Assessment defined as “Assessment Includes Re- Assessment and checking return of income for confirming its correctness”. In another words, once the return of income is filed by the taxpayer, the next step is the processing of the return of income by the income tax department. Income tax department examines return of income for confirming its correctness. The process of examining return of income is called as “Assessment”.

## How many types of assessment?

There are four main types of assessment as per income tax act, 1961 and they are

• Summary Assessment [Section 143(1)].

• Scrutiny Assessment [Section 143(3)].

• Best Judgement Assessment [Section 144].

• Re – Assessment [Section 147].

And there are two supportive assessments are carry02 out i.e. Inquiry before Assessment and Search Assessment.

## How inquiry before assessment is carrying out?

In Inquiry before assessment, Assessing Officer can serve notice to the assessee for the following purposes:-

a. Non filing of return of income within due date.

b. Produce such documents / accounts as may be required for knowing taxpayers income.

c. Furnish such Information on required matters as A.O feels required.

If a person has not furnished his return of income within the due date given under section 139(1), the A.O can serve a notice under section 142 (1)(i) at any time after the expiry of time limit given under section 139(1).

For the purpose of obtaining full information in respect of the income or loss of any person, the assessing officer may make such inquiry as A.O considers necessary.

## What is meant by Summary Assessment?

Summary Assessment under section 143(1) is like preliminary checking of the return of Income.

At this stage, no detailed scrutiny of the return of income is carrying out. At this stage, total income or loss is computed after making the following adjustments (if any), namely:-

i. Any arithmetical error in the return

ii. An Incorrect claim, if such incorrect claim is apparent from any information in the return and such things are following:

A. Of an item which is inconsistent with another entry of the same or some other item in such return;

B. In respect of which such information required to be furnished under the act to substantiate such entry has not been furnished; or

C. In respect of a deduction, where such deduction exceeds specified statutory limit which may have been expressed as monetary amount or percentage or ratio or fraction.

So Intimation 143(1) is send to the assessee either any tax is found due from him after giving credit for all taxes paid or any refund is due on the basis of this return and time limit for such intimation is 1year from the financial year in which return is made.

## What is meant by Scrutiny Assessment?

This is a detailed assessment and is referred to as scrutiny assessment (Regular Assessment).

At this stage, a detailed scrutiny of the return of income will be carried out.

The scrutiny is carried out to confirm the correctness and genuineness of various claims, deductions, etc. made by the taxpayer in the return of income.

## What is procedure adopted for scrutiny assessment?

If the Assessing Officer considers it necessary or expedient to ensure that the taxpayer has not understated the income or has no computed excessive loss or has not underpaid the tax in any manner, then A.O will serve on the taxpayer a notice requiring him to attend his office or to produce or cause to be produced any evidence on which the taxpayer may rely on in support of the return.

After hearing/verifying such evidence and taking into account such particulars as the taxpayer may produce and such other evidence as the Assessing Officer may require on specified points and after taking into account all relevant material which he has gathered, the Assessing Officer shall, by an order in writing, make an assessment of the total income or loss of the taxpayer and determine the sum payable by him or refund of any amount due to him on the basis of such assessment.

**What is the time limit for scrutiny Assessment?**

**Issue of notice:-**

Notice under section 143(2) shall be served on the taxpayer within a period of six months from the end of the financial year in which the return is filed.

**Completing Assessment:-**

As per section 153, assessment under section 143(3) shall be made within a period of two years from the end of the relevant assessment year.

E.g. Assessment under section 143(3) for the financial year 2014-15 i.e. assessment year 2015-16 shall be completed till 31-3-2018.

**What is meant by best judgement assessment…??**

Best Judgement Assessment is also known as ex-parte Assessment. An assessment under section 144 is a carried out as per the best judgement of the assessing officer and it is subjective term. Best judgement assessment is resorted due to certain failures (Specified u/s 144) on the part of the taxpayer which are:-

If the taxpayer fail to file the return of income as required within the due date prescribed under section 139 (1) or belated return u/s 139(4) or a revised return u/s 139(5) or if taxpayer fails to comply with all the terms of a notice issued u/s 142(1) and u/s 143(2) or fails to get special audit u/s 142(2A).Best Judgement assessment is also done other than above statutory condition i.e. accounts are incorrect or incomplete or where no method of accounting has been regularly employed by the assessee.

**How Re - assessment procedure is carrying out?**

This is an income escaping assessment. This assessment is carrying out if the Assessing Officer observes that any income has escaped assessment.

Income escaping assessment is carried out if any income has escapedfrom being taxed in the original assessment made under section 143(1) or section 143(3)or section 144or section 147or report u/s 92(E) is not filed i.e. audit report under transfer pricing case or assets outside India or account are not disclosed. In the following cases, it will be deemed that income chargeable to tax in escaped assessment

**What is time limit for making Re- Assessment?**

As per Section 153, Assessment Under section 147 shall be made within a period of one year from the end of the financial year in which notice under section 148 was served on the taxpayer. Notice under section 148 can be issued within a period of 4 years from the end of the relevant assessment year and if 4 years have expired notice u/s 148 can be issued in a case only if the escaped income exceeds Rs 1,00,000/- for that A.Y.

Certain other conditions are satisfied and then notice can be issued up to 6 years from the end of the relevant assessment year.

**What is meant by search assessment?**

Search u/s 132 is the sharpest weapon in the hands of Income Tax Dept. Thus a sharpest weapon must be used with great care as well. The law, as developed, in relation to section 153A is with the SOLE objective to achieve the purpose of safeguarding the interest of revenue and the rights of the assessee at the same time.

It is mandatory to do the assessment of income u/s 153A when there is a search / requisition of books of account u/s 132, 132A.

**What is the conclusion from above?**

In Income tax, there are various types of assessment is working out. In assessment, firstly taxpayer receives the notice u/s different section in which basic information providing to Income tax department. With basic information, A.O is not satisfied then he will serve assessment notice on required matters. If taxpayers do not give any support to A.O then A.O can issue Best Judgement Assessment (Ex-parte) Order. By that way, assessment Procedures happen.

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