

**F.No.225/61/2021/ITA-II**  
**Government of India**  
**Ministry of Finance**  
**Department of Revenue**  
**Central Board of Direct Taxes (ITA-II division)**

North Block, New Delhi, the 10th June, 2021

To

All Pr. Chief-Commissioners of Income-tax/Chief-Commissioner of Income-Tax  
All Pr. Director-Generals of Income tax/Director-Generals of Income-tax.

Madam/Sir

**Subject: Guidelines for compulsory selection of returns for Complete Scrutiny during the Financial Year 2021-22 – conduct of assessment proceedings in such cases – regarding:-**

Kindly refer to the above.

2. The parameters for compulsory selection of returns for Complete Scrutiny during Financial Year 2021-22 and conduct of assessment proceedings in such cases are prescribed as under:

| S No | The Parameter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Assessment Proceedings to be conducted by                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
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| 1    | <b>Cases pertaining to survey u/s 133A of the Income-tax Act,1961(Act)</b><br><br>Cases pertaining to Survey under section 133A of the Act subject to exclusion below:<br><br><b>Exclusion:</b><br>Cases where books of accounts, documents, etc. were not impounded and returned income (excluding any disclosure made during the Survey) is not less than returned income of preceding assessment year are not required to be considered for compulsory scrutiny.<br><br>However, the said exclusion is not applicable where assessee has retracted from disclosure made during the Survey and such cases have to be considered for compulsory scrutiny. | (i) After the issue of notice u/s 143(2) of the Act by the Jurisdictional Assessing Officer for compulsory selection, cases selected for compulsory scrutiny which have impounded material, shall have to be transferred to Central Charges u/s 127 of the Act within 15 days of issue of notice u/s 143(2) of the Act.<br><br>(ii) After the issue of notice u/s 143(2) of the Act by the Jurisdictional Assessing Officer for compulsory selection, assessment proceedings in respect of cases selected for compulsory scrutiny and where there is no impounded material will be conducted by National Faceless Assessment Centre(NaFAC). The Assessing Officer shall upload the Survey Report in the ITBA at the time of issue of notice u/s 143(2) of the Act. |
| 2    | <b>Cases pertaining to Search and Seizure</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

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|          | Assessments in Search and Seizure cases to be made under section(s) 153A, 153C read with section 143(3) of the Act and also for return filed for assessment year relevant to previous year in which the Search was conducted under section 132 or requisition was made under section 132A of the Act.                                                                                                     | The cases falling u/s 153C, if lying outside Central Charges, the Jurisdictional Assessing Officer is required to issue notice u/s 143(2) in cases where return is furnished u/s 153C or 142(1) calling for information in cases where no return is furnished u/s 153C. Such cases shall be transferred to Central Charges u/s 127 of the Act within 15 days of issue of notice u/s 143(2)/142(1) of the Act. |
| <b>3</b> | <b>Cases in which notices u/s 142(1) of the Act, calling for return, have been issued</b>                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                               |
|          | (i) Cases where no return has been furnished in response to a notice u/s 142(1) of the Act.                                                                                                                                                                                                                                                                                                               | These cases will be taken up for compulsory scrutiny by NaFAC.                                                                                                                                                                                                                                                                                                                                                |
|          | (ii) Cases where return has been furnished in response to notice u/s 142(1) of the Act and where notice u/s 142(1) of the Act was issued due to the information contained in NMS Cycle/AIR information/information received from Directorate of I&CI.                                                                                                                                                     | These cases will <b>not</b> be taken up for compulsory scrutiny and the selection of such cases for scrutiny will be through CASS cycle.                                                                                                                                                                                                                                                                      |
|          | (iii) Cases where return has been furnished in response to notice u/s 142(1) of the Act and where notice u/s 142(1) of the Act was issued due to the specific information received from Law Enforcement Agencies, including the Investigation Wing; Intelligence/Regulatory Authority/Agency; Audit Objection; etc.                                                                                       | After the issue of notice u/s 143(2) of the Act by the Jurisdictional Assessing Officer for compulsory selection, assessment proceedings in such cases will be conducted by NaFAC.                                                                                                                                                                                                                            |
| <b>4</b> | <b>Cases in which notices u/s 148 of the Act have been issued</b>                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                               |
|          | (i) Cases where no return has been furnished in response to notice u/s 148 of the Act.                                                                                                                                                                                                                                                                                                                    | In such cases, Jurisdictional Assessing shall issue notice u/s 142(1) of the Act, calling for information regarding the issues on the basis of which notice u/s 148 was issued, subsequent to which, assessment proceedings in such cases will be conducted by NaFAC.                                                                                                                                         |
|          | (ii) Cases where return is furnished in response to notice u/s 148 of the Act                                                                                                                                                                                                                                                                                                                             | After the issue of notice u/s 143(2) of the Act by the Jurisdictional Assessing Officer for compulsory selection, assessment proceedings in such cases will be conducted by NaFAC.                                                                                                                                                                                                                            |
| <b>5</b> | <b>Cases related to registration/approval under various sections of the Act, such as 12A, 35(1)(ii)/(iia)/(iii), 10(23C), etc.</b>                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                               |
|          | Cases where registration/approval under various sections of the Act, such as section 12A, 35(1)(ii)/(iia)/(iii), 10(23C), etc. have not been granted or have been cancelled/withdrawn by the Competent Authority, yet the assessee has been found to be claiming tax-exemption/deduction in the return. However, where such orders of withdrawal of registration/approval have been reversed/set-aside in | After the issue of notice u/s 143(2) of the Act by the Jurisdictional Assessing Officer for compulsory selection, assessment proceedings in such cases will be conducted by NaFAC.                                                                                                                                                                                                                            |

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|  | appellate proceedings, those cases will not be selected under this clause. |  |
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3. Without prejudice to the above, the cases which are selected for compulsory scrutiny by the International Taxation and Central Circle charges following the above prescribed guidelines, shall, as earlier, continue to be handled by these charges.

4. The exercise of selection of cases for compulsory scrutiny on the basis of the above parameters and service of notice u/s 143(2) of the Act will have to be completed by **30.06.2021**. As per the amendments brought vide Finance Act, 2021, the time limit for service of notice u/s 143(2) of the Act has been reduced to three months from the month of end of the Financial Year in which the return is filed.

5. These instructions may be brought to the notice of all concerned for necessary compliance.

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**(Prajna Paramita)**

**Director to the Government of India**

**Copy to:**

- i. PS to FM/PS to MoS (F)
- ii. PS to Secretary (Revenue)
- iii. Chairman, CBDT & All Members, CBDT
- iv. All Joint Secretaries/CsIT, CBDT
- v. O/o Pr. DGIT(Systems) with request to upload on the departmental website
- vi. Addl.CIT, Data-Base Cell for uploading on irsofficers website

*Prajna Paramita*

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