UNIVERSITY OF DELHI

PERSONAL TAX PLANNING AND TAX MANAGEMENT

DSE 7.9

B.Com (Hons.) | B.Com (Prog.) — Fourth Year, Semester VII

UNIT 4 · PART B

ASSESSMENT PROCEDURES, INCOME-TAX AUTHORITIES AND APPEAL AND REVISION

The Process by which a Return becomes an Assessment
The Authorities • The Return • Self, Summary, Scrutiny, Best Judgment and Faceless Assessment
Time Limits • Appeals • Revision
Sections 236, 263, 266 to 275, 286, 356 to 368 and 377 to 379
with a walkthrough of filing ITR-1 on the e-filing portal

Governed by the INCOME-TAX ACT, 2025
(Act No. 30 of 2025, as amended by the Finance Act, 2026)
read with the INCOME-TAX RULES, 2026

TAX YEAR 2026-27

1 April 2026 to 31 March 2027
Academic Year 2026-27

Compiled by

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The Prescribed Syllabus for this Part

UNIT 4: TAX MANAGEMENT (9 HOURS) — PART (B)

"**(B): Assessment Procedures, Income-tax Authorities and Appeal and Revision** — Income-tax authorities, filing return of income, self-assessment, summary assessment, scrutiny assessment, best judgement assessment, time limit for completion of assessments and appeals and revisions."

Discipline Specific Elective Course 7.9, placed before the Executive Council of the University of Delhi, EC (1282) dated 29.04.2026, effective from the Academic Year 2026-27.

Part A of this Unit was about **money** — what is paid, when, and by whom. Part B is about **process** — what is filed, who deals with it, what may be done with it, and what remedy lies if the result is wrong. Between them the two Parts are the whole of tax management, and they are examined together in a single question of 18 marks with an internal choice.

Where this Unit sits in the paper

Unit	Content	Hours	Marks
Unit 1	Basic concepts of tax planning; avoidance and evasion; scope; planning through exempted income, permissible deductions and clubbing	14	18
Unit 2	Tax planning under the five heads of income	11	36
Unit 3	Tax planning through investments; deductions under the Act	11	18
Unit 4 (A)	Advance tax, tax deducted at source, tax collected at source, refund	4	9
Unit 4 (B)	Income-tax authorities; return of income; assessments; appeals and revision — this booklet	5	9

The teachers' meeting of 6 September 2025

An online meeting was held on Saturday, 6 September 2025 to prepare the Guidelines for the NEP: UGCF Syllabus (w.e.f. 2022-23) for this paper, organised by the Department of Commerce, Delhi School of Economics, University of Delhi and Sri Aurobindo College (Evening), University of Delhi. Dr. Supreet Kaur, Assistant Professor, Department of Commerce, represented the Department; the meeting was convened by Mr. Varun Panwar, Assistant Professor, Sri Aurobindo College (Evening); and fourteen other members of the faculty were present. The B.Com (Hons.) guidelines were settled at 4:00 PM and the B.Com (Prog.) guidelines at 5:00 PM; they are identical in every respect that bears on this booklet. **Those guidelines that bear on this booklet are set out below.**

The question paper

- The total number of questions will be **five**.
- All questions carry equal weightage of **18 marks each**.
- **Each question shall have an internal choice.**
- The question format must ensure comprehensive coverage of the entire syllabus.
- **No question shall contain more than two parts** — the illustrative format being (a) and (b), *or* (c) and (d).

The allocation of lectures, marks and questions

Unit	Name of the Unit	Hours	Marks	Questions
Unit 1	Basic Concepts	14	18	1 question with internal choice
Unit 2	Tax Planning under different heads of Income	11	36	2 questions with internal choice
Unit 3	Tax Planning through investments	11	18	1 question with internal choice
Unit 4 (A)	Deduction, collection and recovery of tax	4	9	1 question with internal choice, covering both parts

Unit	Name of the Unit	Hours	Marks	Questions
Unit 4 (B)	Assessment Procedures, Income-tax Authorities and Appeal and Revision	5	9	
Total		45	90	5 questions with internal choice

What the allocation means for this Part

Unit 4 as a whole carries **18 marks of the 90** — one question, with an internal choice, and no more than two parts to it. **Part B carries 9 of those 18 marks and 5 of the 9 hours** — a little more time than Part A, for the same marks, because there is more to describe and less to compute.

There is **no practical coverage prescribed for this Part**, and that is significant: the guidelines attach numerical work to Part A but not to Part B. Expect a question that asks you to *explain, distinguish and state time limits*, not to compute.

That does not make it easier. A descriptive question is marked on precision — the right section, the right authority, the right period of limitation. Vagueness that would pass in an essay will not pass here.

The prescribed scope of this Unit

The guidelines set out, against each limb of the syllabus, the scope to which teaching and examination are to be confined, and the practical coverage expected. What follows is that table for this Part, reproduced as settled.

Syllabus of the Unit	Scope of the Unit	Practical Coverage
Income-tax authorities, filing return of income, self-assessment, summary assessment, scrutiny assessment, best judgement assessment, time limit for completion of assessments and appeals and revisions.	**1. Income-tax Authorities** — (i) the Central Board of Direct Taxes, the apex authority for policy formulation and overall administration of direct taxes; (ii) Principal Chief Commissioner, Chief Commissioner, Principal Commissioner and Commissioner — the senior authorities for supervision and control; (iii) Joint Commissioner, Deputy Commissioner, Assistant Commissioner and Income-tax Officer — the authorities for implementation and execution of the Act; (iv) Inspectors of Income-tax and other subordinates, who assist in enforcement and compliance. **2. Filing of Return of Income** — (i) types of return: mandatory filing, original return, belated return, revised return and updated return; (ii) the various ITR forms — ITR-1, ITR-2, ITR-3, ITR-4 and ITR-5, their applicability and due dates; (iii) e-filing and the verification process. **3. Types and Time Limits for Completion of Assessment** — (i) self-assessment; (ii) summary assessment; (iii) scrutiny assessment; (iv) best judgement assessment; (v) the Faceless Assessment Scheme. **4. Appeals** — (i) the Commissioner of Income-tax (Appeals), the first level of appeal against orders of the Assessing Officer; (ii) the Income-tax Appellate Tribunal, the second level; (iii) the High Court, on substantial questions of law arising from the Tribunal's order; (iv) the Supreme Court, the final level. **5. Revision by the Commissioner** — (i) revision of orders prejudicial to the revenue; (ii) revision in favour of the assessee.	

The guidelines and the Income-tax Act, 2025 — how to read them together

The guidelines were settled on 6 September 2025. The Income-tax Act, 2025 came into force on 1 April 2026. The scope tables are therefore expressed in the section numbers of the Income-tax Act, **1961** — 140A, 143(1), 143(3), 144, 144B, 206AA, 244A and the rest.

The syllabus itself, as amended by the Executive Council in EC (1282) dated 29.04.2026, is a syllabus on the Income-tax Act, **2025**. The two are not in conflict: **the guidelines settle what is examinable; the Act settles the law in which it is to be stated.**

This booklet therefore takes its **scope** from the guidelines and its **law** from the Income-tax Act, 2025 as amended by

> the Finance Act, 2026. The full conversion table is in the last chapter.
>
> *In the examination, give the section number of the 2025 Act. If you wish, add the 1961 number in brackets. Never give the 1961 number alone.*

What this booklet does with the guidelines

This booklet follows the guidelines' own order. Chapter 1 takes the authorities, from the Board down to the Inspector. Chapter 2 takes the return of income and its five kinds. Chapter 3 is a walkthrough of filing ITR-1 on the portal, which the guidelines require as a practical exercise for the paper. Chapter 4 takes the assessments — self, summary, scrutiny, best judgment and faceless. Chapter 5 takes the time limits. Chapter 6 takes appeals through all four levels, and Chapter 7 revision and the Dispute Resolution Committee. Chapter 8 is revision and the question bank.

Before You Begin

What this Part asks of you

1. **Know who does what.** The Act confers powers on named authorities, and an act done by the wrong authority is void. A question that asks “who may revise an order prejudicial to the revenue?” is asking for a designation, not a description.
2. **Know the periods.** Thirty days to appeal to the Commissioner (Appeals); sixty days to the Tribunal; one hundred and twenty days to the High Court. Nine months for a summary intimation; eighteen months for a scrutiny assessment. These are the marks.
3. **Know the five returns and the five assessments, and do not confuse them.** A return is what the assessee files; an assessment is what the Department does with it. Self-assessment is the one that belongs to both worlds — it is the assessee's own computation, made before he files.
4. **And know that section 263 is the return.** Under the 1961 Act section 263 was revision. That number has been re-used, and the trap is set out in a box in Chapter 7 and again in paragraph 8.2.

How this booklet is arranged

Chapter	What it does
1	The income-tax authorities — the hierarchy, and what each level does
2	The return of income under section 263 — five kinds, the forms, the due dates and the defects
3	Filing ITR-1 on the e-filing portal — a walkthrough, screen by screen
4	The assessments — self, summary, scrutiny, best judgment and faceless
5	The time limits for completion
6	Appeals — the Commissioner (Appeals), the Tribunal, the High Court and the Supreme Court
7	Revision — sections 377 and 378 — and the Dispute Resolution Committee
8	Revision, ready reckoner and question bank

> **THE ONE IDEA THAT RUNS THROUGH THE WHOLE OF THIS PART**
>
> **A return is a claim, not a determination.** The assessee says what he thinks his income is; the Department may accept it, correct it arithmetically, examine it, or, if he does not co-operate, determine it without him. Each of those four responses is one of the assessments in Chapter 4.
>
> And because the Department may be wrong, the Act provides a ladder of remedies — two appeals on facts and law, two on law alone, and two powers of revision that operate outside the appeal system altogether.
>
> *If you can state that in four sentences, the structure of every long answer in this Part is already written.*

The sources from which this material has been written

Source	What it settles in this Part
Income-tax Act, 2025 (Act No. 30 of 2025) — assent 21 August 2025, in force 1 April 2026	Section 236 (the income-tax authorities); 263 (the return of income); 266 (self-assessment); 268 (inquiry before assessment); 270 (assessment, including summary processing and scrutiny); 271 (best judgment assessment); 273 (faceless assessment); 286 (time limits); 356 to 368 (appeals); 377 and 378 (revision); 379 (the Dispute Resolution Committee)
Income-tax Rules, 2026 — G.S.R. 198(E) dated 20 March 2026, in force 1 April 2026	The forms and the procedure — Form 121 (declaration), Form 124, Form 128 (lower deduction), Form 130 and Form 131 (certificates), Form 138, Form 140 and Form 144 (quarterly statements), Form 168 (the tax credit statement), and Rule 159 (the permanent account number)
Finance Act, 2026 — assent 30 March 2026	The rates for Tax Year 2026-27; the extension of the due date for a non-audit business to 31 August; the extension of the revised-return window to twelve months; and the extension of the time limit for completion of an assessment to eighteen months
Notifications and circulars of the Central Board of Direct Taxes	The forms notified under the Rules, the thresholds in the Table to section 393(1), and the faceless schemes
The e-filing portal, www.incometax.gov.in	The procedure actually followed on the screen — registration, the pre-filled return, the annual information statement, e-verification and the refund status

About this booklet

This booklet has been prepared by Artificial Intelligence — Claude Opus 5.0 (Anthropic), Max — under the guidance and supervision of Advocate Dr. S. B. Rathore, and edited by him. Every section number, form number, rate and time limit has been taken from the Income-tax Act, 2025 as amended by the Finance Act, 2026, and from the Income-tax Rules, 2026.

It is issued free of cost to the students of the University of Delhi and to anyone else who finds it useful. It is not for sale.

Date: 08-08-26 (Original)

SUGGESTIONS AND CORRECTIONS ARE WELCOME

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Corrections received will be carried into the next revision, and the corrected file will be uploaded on the website.

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Page numbers refer to this booklet. Chapter headings are shown in bold.

CHAPTER 1

The Income-tax Authorities

Section 236 and the sections that follow. A hierarchy of five levels, in which each level appoints, supervises and hears appeals from the one below, and in which the power to do a particular act is always conferred on a named designation.

1.1 The classes of authority [section 236]

Level	Authority	Principal function
I — Policy	**The Central Board of Direct Taxes**	The apex authority. Formulates policy, issues instructions, circulars and notifications binding on the Department, and administers direct taxes as a whole. Constituted under the Central Boards of Revenue Act, 1963
II — Supervision	**Principal Chief Commissioner** and **Chief Commissioner** of Income-tax	Regional heads. Supervision and control over the Commissioners in their charge; administration of the region
III — Supervision and first appeal	**Principal Commissioner** and **Commissioner** of Income-tax	Charge of a district or a function. **Revision** under sections 377 and 378; approval and sanction where the Act requires it
	Commissioner (Appeals), **Additional Commissioner (Appeals)** and **Joint Commissioner (Appeals)**	The **first appellate authority** — they hear appeals against orders of the Assessing Officer, and are outside the assessment chain
IV — Assessment	**Joint Commissioner**, **Deputy Commissioner**, **Assistant Commissioner** and **Income-tax Officer**	**Implementation and execution.** These are the officers who assess. Whichever of them has jurisdiction over an assessee is, for that assessee, the **Assessing Officer**
V — Assistance	**Inspectors of Income-tax** and other subordinates	Enforcement, verification, service of notices, survey and inquiry. **An Inspector has no power to assess**

Two distinctions the examiner looks for

One — "Assessing Officer" is not a designation; it is a role. The Act does not appoint Assessing Officers. It appoints Joint, Deputy and Assistant Commissioners and Income-tax Officers, and whichever of them is vested with jurisdiction over a particular assessee is his Assessing Officer. So the answer to "who is the Assessing Officer?" is "the officer of the rank of Income-tax Officer or above who has jurisdiction over the assessee under the orders of the Board".

Two — the appellate authority is deliberately outside the chain. A Commissioner (Appeals) does not supervise the Assessing Officer, is not administratively above him for the purposes of assessment, and does not answer to the Commissioner who does. That separation is what makes the first appeal a real appeal and not an internal review.

1.2 The powers

Power	Which authority	Note
Discovery, production of evidence, summons, examination on oath, inspection of books, and the issue of commissions	Assessing Officer and above	The powers of a civil court under the Code of Civil Procedure, 1908, for the purposes stated
Survey	The prescribed authorities	Entry into a place of business or profession, during business hours, to inspect books and verify cash and stock

Power	Which authority	Note
Search and seizure	On authorisation of the prescribed senior authority	The most drastic power in the Act, and hedged with conditions
Calling for information	Assessing Officer and above	From banks, registrars, and any person
Transfer of a case	Principal Commissioner or Commissioner, and above	After giving the assessee a reasonable opportunity, save where the transfer is within the same city
Instructions to subordinates	The Board	Binding on the Department; **not binding on the assessee, nor on the appellate authorities or the courts**, and a circular beneficial to the assessee binds the Department

Why a Board circular binds the Department but not the assessee

A circular is an administrative instruction, not law. The Board may direct its own officers how to apply the Act, and they must obey. But it cannot alter the Act, and so —

- **A circular that benefits the assessee binds the Department**, which cannot resile from its own instruction.
- **A circular that burdens the assessee binds nobody but the officer**, and the assessee may show that it is contrary to the Act.
- **The Tribunal and the courts are not bound at all**, and will apply the Act as they read it.

This is a favourite short question, and the three-line answer above is the whole of it.

CHAPTER 2

The Return of Income

Section 263 — a single section that has absorbed the whole of the old sections 139, 139D and 194P. Five kinds of return, five categories of due date, and one section number that is a trap.

THE TRAP, STATED AT THE OUTSET BECAUSE IT MUST NOT BE MET UNAWARES

In the **Income-tax Act, 1961**, section 263 was the **revision by the Commissioner of an order prejudicial to the revenue**.

In the **Income-tax Act, 2025**, section 263 is the **return of income**. The revision provision is now **section 377**.

A candidate who writes "revision under section 263" in 2026-27 has not merely used an old number; he has named a different provision. This is the single most dangerous renumbering in the paper.

2.1 Who must file [section 263(1)(a)]

Mandatory, whatever the income

- Every **company**, Indian or foreign.
- Every **firm**, including a limited liability partnership.
- Colleges, universities and educational institutions of the prescribed kind.
- Every **business trust** and every **investment fund**.
- Every person required to furnish a **transfer pricing report**.
- These must file **even where there is no income, or a loss.**

Mandatory by reference to income

- An **individual, Hindu undivided family, association of persons or body of individuals** whose total income **before** giving effect to the exemptions and Chapter VIII deductions exceeds the **maximum amount not chargeable to tax** — ₹4,00,000 under section 202(1), ₹2,50,000 under the optional regime (with the higher limits for senior and very senior citizens).
- **Note the words "before giving effect to".** A person whose gross total income is ₹6,00,000 and whose total income after deductions is ₹3,50,000 **must still file**, though he pays no tax.

Mandatory in specified circumstances

- A person who has sustained a **loss** under the head "Profits and gains of business or profession" or "Capital gains" and wishes to **carry it forward**.
- A **resident other than a not-ordinarily-resident** who is the beneficial owner of any asset outside India, or has signing authority over an account outside India, or is a beneficiary of an asset outside India.
- Any other person the Board may prescribe — the prescribed high-value transactions.

THE EXEMPTION FOR A SENIOR CITIZEN [SECTION 263(3)]

The Central Government may exempt a class of persons from filing. The standing example — which was section 194P of the 1961 Act — is the **senior citizen aged seventy-five or more, whose income consists only of pension and of interest from the same bank in which the pension is received**, and who furnishes a declaration to that bank. The bank then computes his income, allows the deductions and the rebate, and deducts the tax; **and he is not required to furnish a return at all.**

2.2 The five kinds of return [section 263]

Kind	Sub-section	1961 Act	When it may be furnished	Consequences
Original	263(1)	139(1)	On or before the due date	The full benefit of the Act — losses may be carried forward, interest on a refund runs from 1 April, no fee
Belated	263(4)	139(4)	After the due date, but within **nine months from the end of the tax year**, or	A fee for default; interest under section 423; **business and**

Kind	Sub-section	1961 Act	When it may be furnished	Consequences
			before the completion of the assessment, whichever is earlier — for Tax Year 2026-27, by **31 December 2027**	**capital losses cannot be carried forward** (house property loss and unabsorbed depreciation may be)
Revised	263(5)	139(5)	To correct an omission or a wrong statement, within **twelve months from the end of the tax year** (as extended by the Finance Act, 2026), or before completion of the assessment, whichever is earlier — for Tax Year 2026-27, by **31 March 2028**	The revised return **substitutes** the original. A belated return may also be revised
Updated	263(6)	139(8A)	Voluntary disclosure of income omitted, within **forty-eight months from the end of the tax year** — for Tax Year 2026-27, by **31 March 2032**	**Additional tax of 25% to 70%** according to the delay. It **cannot** be used to claim or increase a refund, or to reduce the liability already declared, or to declare a loss. **Only one per tax year**
Defective	263(7)	139(9)	Not a separate kind, but a return that does not conform to the prescribed conditions	The Assessing Officer intimates the defect and allows **fifteen days** to rectify it. If it is not rectified, the return is treated as **never furnished**

THE THREE WINDOWS, FOR TAX YEAR 2026-27, ON ONE LINE EACH

- **Original** — 31 July 2027 (or 31 August, 31 October, 30 November, according to category).
- **Belated** — 31 December 2027. Nine months from the end of the tax year.
- **Revised** — 31 March 2028. Twelve months from the end of the tax year, as extended by the Finance Act, 2026.
- **Updated** — 31 March 2032. Forty-eight months from the end of the tax year.

*Note that the revised window is now **longer** than the belated window. A return filed belatedly on 31 December 2027 may still be revised up to 31 March 2028.*

2.3 The due dates [section 263(1)(b)]

Category of assessee	Due date
Individual filing **ITR-1 or ITR-2** — salary, house property, other sources, capital gains	**31 July**
Non-audit business or profession — ITR-3 and ITR-4 — and a partner of such a firm	**31 August** (extended from 31 July by the Finance Act, 2026)
A person, other than a company, whose accounts must be **audited** under this or any other law	**31 October**
A **partner of a firm whose accounts are audited**, and the spouse where the clubbing provisions apply	**31 October**
A **company**, other than a transfer-pricing case	**31 October**
An assessee required to furnish a **transfer pricing report** under section 172	**30 November**

2.4 The ITR forms and their applicability

Form	Who may use it	Who may not
ITR-1 (Sahaj)	A **resident and ordinarily resident individual** whose total income does not exceed ₹50,00,000, from **salary or pension, one house property, other sources**, and agricultural income up to ₹5,000; and (since the recent relaxation) a **long-term capital gain under section 198 not exceeding ₹1,25,000** with no loss to carry forward	A non-resident; a director; a holder of unlisted equity; a person with business income, more than one house, foreign assets or income, or a loss to carry forward
ITR-2	An individual or Hindu undivided family with **no business or professional income** — capital gains, more than one house, foreign income or assets, a directorship, unlisted shares	A person with business or professional income
ITR-3	An individual or Hindu undivided family **with income from business or profession**, including a partner of a firm	A company, a firm, or a person eligible for ITR-4 who opts for it
ITR-4 (Sugam)	A **resident** individual, Hindu undivided family or firm (not a limited liability partnership) with total income up to ₹50,00,000 and business or professional income computed **presumptively under section 58**	A non-resident; a director; a holder of unlisted equity; a person with foreign assets or more than one house
ITR-5	A **firm**, limited liability partnership, association of persons, body of individuals, estate, business trust or investment fund	An individual, a Hindu undivided family or a company

How to choose the form, in four questions

- **Is the assessee an individual or Hindu undivided family?** If not — firm, LLP, association — it is **ITR-5**.
- **Is there business or professional income?** If yes and it is presumptive and the assessee is resident with income up to ₹50,00,000 — **ITR-4**. If yes otherwise — **ITR-3**.
- **Is there capital gain (beyond the small relaxation), more than one house, foreign income or assets, a directorship or unlisted shares?** If yes — **ITR-2**.
- **Otherwise — ITR-1.**

Filing in the wrong form makes the return ***defective*** *under section 263(7). It is not a technicality: an unrectified defect means the return is treated as never furnished, and everything that follows — the refund, the carry-forward of losses, the running of limitation — falls with it.*

2.5 E-filing and verification

- Filing is **electronic**, on www.incometax.gov.in, for every assessee to whom the Act applies save the very narrow classes the Rules exempt.
- **A return is not complete until it is verified.** An unverified return is treated as never furnished.
- The methods of verification are — **Aadhaar one-time password**; **electronic verification code** through a pre-validated bank or demat account; **net banking**; **digital signature** (compulsory for a company and for an audit case); or, failing all of those, sending the signed **ITR-V** by ordinary or speed post to the Centralised Processing Centre, Bengaluru.
- The verification must be completed **within thirty days** of transmitting the data. Where it is done later, the date of verification is treated as the date of furnishing the return — with all the consequences of a belated return.

CHAPTER 3

Filing ITR-1 on the E-filing Portal

The practical exercise the guidelines prescribe for this paper. What follows is written to be followed at a terminal, with the booklet open beside the screen.

WHAT THE GUIDELINES REQUIRE

"Do hands on training to furnish ITR-1 on the official e-filing website of the Government of India, i.e., www.incometax.gov.in", and "**go through various information relevant for an individual assessee available on the official e-filing website**".

It was also recorded for the Semester V paper that **ITR-1 will be done in the academic session 2026-27**. The same exercise serves both papers.

This chapter is not examinable as a set of screens. What is examinable is the ***sequence*** *— what must be checked before filing, what the pre-filled data is worth, and what happens after filing.*

3.1 Before you touch the portal — the four documents

Document	Where from	What it gives
Form 130 (the old Form 16)	The employer, by 15 June	The whole computation of salary, the exemptions, the deductions and the tax deducted
Form 168 (the old Form 26AS)	The portal	Every rupee of tax deducted, collected or paid on the assessee's behalf, as reported
The Annual Information Statement	The portal	Every transaction reported — interest, dividend, securities, property, cash
Bank interest certificates and the Chapter VIII evidence	The banks; the assessee's own file	The figures that Form 130 does not contain

3.2 Registration and login

1. Go to **www.incometax.gov.in**. If not already registered, choose **Register**, and register as an **individual taxpayer** using the permanent account number as the user identity.
2. The number must be **linked to Aadhaar and operative**. An inoperative number will not permit filing, and see Part A, Chapter 6 for what else it costs.
3. Log in with the number and password. A one-time password is sent to the registered mobile and e-mail.
4. On first login, complete the **profile** — contact details, bank accounts, and the nominee. **The bank account must be pre-validated**, in the assessee's own name, or no refund can be credited.

3.3 Check before you file

1. **Services → Annual Information Statement.** Read it in full. For every entry that is not yours, or is duplicated, or belongs to another person, submit **feedback**. The Department expects it, and an entry left unanswered becomes a question two years later.
2. **e-File → Income Tax Returns → View Form 26AS** (now Form 168). Check that every certificate in hand appears, and that the figures agree. **A mismatch found now is corrected by the deductor in a fortnight; one found after the demand is a year's work.**
3. **Compare Form 130 with the salary figures**, and note the regime on which the employer has deducted.

3.4 Filing the return

1. **e-File → Income Tax Returns → File Income Tax Return.** Select the **tax year 2026-27**, the status **Individual**, and the form **ITR-1**.
2. Choose the reason for filing — ordinarily "taxable income is more than the basic exemption limit".
3. **The return opens pre-filled.** Personal details, salary from Form 130, interest from the annual information statement, tax deducted from Form 168 — all appear already entered.

4. **Verify every pre-filled figure against your own documents, and correct what is wrong.** The pre-filled data is a convenience, not an assessment; the assessee remains answerable for every figure in the return.
5. **Gross Total Income** — check the salary, the one house property, and the income from other sources. Add anything the portal does not know: interest on a savings account with a small bank, interest on an income-tax refund received during the year.
6. **Total Deductions** — enter the Chapter VIII claims. **The portal will not enter them for you beyond what the employer reported**, and a deduction not claimed is a deduction lost.
7. **Choose the regime.** The default is section 202(1). The option under section 202(4) must be exercised affirmatively. The portal computes both if asked; compute both yourself as well.
8. **Tax Paid** — check that the tax deducted, the advance tax and the self-assessment tax all appear.
9. **Total Tax Liability** — the portal computes it. If tax is payable, pay it as **self-assessment tax under section 266** through e-Pay Tax, and enter the challan particulars before submitting.
10. **Preview, confirm, and submit.**

3.5 After filing

1. **Verify within thirty days** — by Aadhaar one-time password, electronic verification code, net banking or digital signature. Until then nothing has been filed.
2. Download the **acknowledgement (ITR-V)** and keep it.
3. The return is then **processed under section 270(1)** and an intimation is issued. Read it: it will either accept the return, or propose an adjustment, or determine a refund or a demand.
4. **Track the refund** under Services → Know Your Refund Status.
5. If the intimation proposes an adjustment you dispute, **respond within the time stated in it**. Silence is treated as agreement and the adjustment is made.

THE FIVE THINGS THAT GO WRONG MOST OFTEN

- **Not verifying.** The commonest failure of all, and the most complete: an unverified return is no return.
- **A bank account that is not pre-validated**, or has been closed. The refund fails and is re-issued only on request.
- **Claiming credit for tax that does not appear in Form 168.** The credit is disallowed and a demand follows.
- **Filing ITR-1 when ITR-2 was required** — a capital gain above the small relaxation, a second house, a directorship. The return is defective under section 263(7).
- **Forgetting to claim a deduction the employer did not know about** — the health insurance premium paid in March, the donation, the interest on a savings account under section 153.

CHAPTER 4

The Assessments

Five of them — self, summary, scrutiny, best judgment and faceless — and they are not alternatives. Each answers a different question, and the guidelines name all five.

4.1 Self-assessment [section 266]

The assessee's own assessment, made before he files. Section 266 requires that, before furnishing a return, he compute the tax on the income declared, reduce it by the advance tax paid, the tax deducted and collected at source, and any relief or credit due, and **pay the balance**, together with any interest and fee payable.

- The tax so paid is **self-assessment tax**, and the challan particulars go into the return.
- **A return furnished without paying the self-assessment tax is defective** under section 263(7).
- Where the amount paid falls short of the whole, it is applied **first towards the fee, then towards the interest, and only then towards the tax.** That order matters, because it leaves tax outstanding on which further interest runs.
- This is the only "assessment" in the Act made by the assessee himself. It is the counterpart of advance tax in Part A: advance tax is paid on an estimate during the year; self-assessment tax is paid on the completed figures before the return.

4.2 Summary assessment — the processing of a return [section 270(1)]

Every return furnished under section 263 is **processed**. This is not a scrutiny; the Assessing Officer applies no mind to the merits. The total income is computed after making only the adjustments the section permits —

Adjustment permitted	Illustration
Any **arithmetical error** in the return	Two figures that do not add up
An **incorrect claim apparent from the information in the return itself**	A deduction claimed in excess of the statutory ceiling; an entry inconsistent with another entry
Disallowance of a **loss claimed in a belated return**	A business loss in a return furnished after the due date
Disallowance of an expenditure or a deduction **indicated in the audit report but not taken into account** in the return	A disallowance the auditor flagged
Disallowance of a **Chapter VIII deduction** claimed in a belated return where the section requires timely filing	A deduction that the section makes conditional on the due date
Addition of **income appearing in Form 168 or the audit report but not included** in the return	Interest reported by a bank and omitted by the assessee

- **No adjustment may be made without first giving the assessee an intimation, in writing or electronically, of the proposed adjustment**, and a response must be considered. Where no response is received within thirty days, the adjustment is made.
- The tax and interest are computed, credit is given for what has been paid, and an **intimation** is prepared showing the sum payable or refundable.
- **The intimation is deemed to be a notice of demand** where a sum is payable.
- **Time limit:** the processing must be completed within **nine months from the end of the tax year in which the return is furnished**.

> **WHY SUMMARY PROCESSING IS NOT AN ASSESSMENT — AND WHY THAT MATTERS** [*CIT v. Rajesh Jhaveri*]
>
> The Supreme Court held in **CIT v. Rajesh Jhaveri Stock Brokers Pvt. Ltd. (2007) 291 ITR 500 (SC)** that an intimation on summary processing is **not an assessment**. The officer forms no opinion, because he applies no mind to the merits; he checks the arithmetic and the apparent inconsistencies.
>
> **The consequence is important both ways.** For the Department, there being no opinion, there can be no *change* of opinion, and a reassessment is not barred. For the assessee, the absence of a notice is **not an approval** of what he has filed.

> *The case was met in Unit 1, Chapter 2, where it was used for the legal thinking on tax planning. Here it is used for what it actually decided. Cite it in both places.*

4.3 Scrutiny assessment [section 270]

Where the Assessing Officer considers it necessary to **satisfy himself that the assessee has not understated his income, has not computed excessive loss, and has not underpaid the tax**, he serves a notice requiring the assessee to attend or to produce evidence. This is the assessment proper.

Step	What happens
The notice	Served on the assessee requiring him to produce, or cause to be produced, evidence in support of the return. It must be served within the prescribed period from the end of the tax year in which the return is furnished
Inquiry [section 268]	The Assessing Officer may require the assessee to furnish a return where none has been furnished, to produce accounts or documents, to furnish information on any point, and may make such inquiry as he considers necessary. He may also direct a **special audit**
Opportunity of being heard	Mandatory. An assessment made without it is bad in law
The order	In writing, assessing the total income or loss and determining the sum payable or refundable. It must be a **speaking order** — it must give reasons
The remedy	Appeal to the Commissioner (Appeals) within thirty days

4.4 Best judgment assessment [section 271]

Where the assessee will not co-operate, the Assessing Officer assesses **to the best of his judgment**. This is not a penalty; it is a method of assessment where the materials are incomplete because of the assessee's own default.

The circumstances

- The assessee **fails to furnish a return** required by section 263, and does not furnish a belated or updated return.
- He **fails to comply with a notice under section 268**, requiring production of accounts or information.
- He **fails to comply with a direction for special audit**.
- He **fails to comply with a notice under section 270** in a scrutiny.

The safeguards

- **An opportunity of being heard must be given**, by a notice calling upon the assessee to show cause why the assessment should not be completed to the best of judgment. The only exception is where a notice for a return has already been issued and not complied with.
- **The officer must take into account all relevant material which he has gathered.** He may not assess arbitrarily.
- **The judgment must be honest and fair**, founded on some material and on a rational basis. A “best judgment” that is a guess, or is vindictive, will be set aside on appeal.
- **The order is appealable** in the ordinary way.

> **BEST JUDGMENT IS NOT A PUNISHMENT — THE SENTENCE TO WRITE**
>
> **“A best judgment assessment is an assessment on such materials as are available, made because the assessee has not supplied better; it must be a bona fide estimate honestly arrived at, and it is not an occasion for punishing the assessee for his default.”**
>
> The default is separately visited with interest, fee and penalty. The assessment itself must still be an attempt to reach the true income.

4.5 Faceless assessment [section 273]

The scheme by which an assessment is made **electronically, without any physical interface between the assessee and the Assessing Officer**, and without the assessee knowing who the officer is.

Element	How it works
The National Faceless Assessment Centre	The single point of contact. All communication with the assessee passes through it. It assigns the case to an assessment unit by an **automated allocation system**
The assessment unit	Identifies the issues, seeks information, and drafts the assessment order. It does not know the assessee and the assessee does not know it
The verification unit	Conducts inquiry, cross-verification, examination of books and recording of statements, on reference
The technical unit	Advises on questions of law, valuation, transfer pricing, data analytics and forensic accounting
The review unit	Reviews the draft order — the arithmetic, the issues, the material and the judicial decisions applied
Personal hearing	Only through **video conferencing**, and only where the assessee requests it and the request is allowed in accordance with the scheme

The objects, and the criticisms

The objects	The criticisms made
Eliminating the interface, and with it the opportunity for corruption and for pressure	The assessee cannot explain a complex matter across a written exchange, and personal hearing is discretionary
Team-based assessment, so that no single officer decides alone	Responsibility becomes diffuse, and no one is answerable for an error
Automated allocation, removing territorial jurisdiction and the discretion to choose the officer	A case may be assessed by a unit unfamiliar with the local trade
Uniformity and efficiency, with dynamic distribution of work	Short response times in a purely written process can amount to a denial of a real opportunity

Faceless is a manner, not a kind

This is the distinction candidates miss. Faceless assessment is **not a sixth kind of assessment**; it is the **manner** in which a scrutiny assessment under section 270, and a best judgment assessment under section 271, are now made.

So the correct sentence is: *"a scrutiny assessment under section 270 is now ordinarily made in the faceless manner prescribed by section 273."* Not: *"there are five kinds of assessment, of which one is faceless."*

4.6 The five compared

	Made by	Section	When	Appealable?
Self-assessment	The **assessee**	266	Before furnishing the return	Not an order; nothing to appeal
Summary — processing	The Department, without applying its mind to the merits	**270(1)**	On every return furnished	Yes — the intimation is appealable so far as it determines a sum
Scrutiny	The Assessing Officer, after inquiry and hearing	**270**	Where the officer considers it necessary	Yes
Best judgment	The Assessing Officer, on the material available	**271**	Where the assessee defaults	Yes

	Made by	Section	When	Appealable?
Faceless	A team, electronically	**273**	The manner in which the above are now made	Yes

CHAPTER 5

The Time Limits for Completion

Section 286. The guidelines name this expressly, and it is the most purely factual paragraph in the Part — a set of periods, to be learnt.

5.1 The periods

Proceeding	Time limit
Processing of a return [section 270(1)]	**Nine months** from the end of the tax year in which the return is furnished
Assessment under section 270 or 271 — the ordinary case	**Twelve months** from the end of the tax year in which the income was first assessable, **extended to eighteen months** by the Finance Act, 2026 with effect from Tax Year 2026-27
Assessment where a reference is made for a special audit	The period of the audit is **excluded** in computing the limitation
Assessment or reassessment in consequence of a search or requisition	The limitation runs from the **date of the search or requisition**
Fresh assessment after an order setting aside or cancelling an assessment	**Twelve months** from the end of the financial year in which the order is received by the Principal Commissioner or Commissioner
Giving effect to an appellate or revisional order	**Three months** from the end of the month in which the order is received, extendable by the Principal Commissioner or Commissioner
Rectification of a mistake apparent from the record	**Four years** from the end of the financial year in which the order sought to be rectified was passed; and where the assessee applies, the authority must dispose of the application within **six months** from the end of the month of the application

THE TWO CHANGES MADE BY THE FINANCE ACT, 2026 — SAY THEM, AND GAIN THE MARK

- **The ordinary period for completing an assessment has been extended from twelve months to eighteen months**, with effect from Tax Year 2026-27.
- **The starting point of the limitation in a search case is now the date of the search or requisition**, and not the end of the year in which the last authorisation was executed.

A candidate who gives "twelve months" for Tax Year 2026-27 is quoting the position before the Finance Act, 2026. The whole point of studying the current year is to know what changed in it.

5.2 Why limitation matters

- **An order passed after the period is void**, and no amount of merit will save it. Limitation is not a technicality; it is a substantive protection of the assessee against indefinite exposure.
- **The periods are computed from the end of a year, not from an event**, except in the search cases. Read the words carefully: "from the end of the tax year in which the income was first assessable" is not the same as "from the end of the tax year".
- **Exclusions extend the period.** The time taken by a special audit, by a stay granted by a court, or by a reference to another authority, is excluded — so an assessment may lawfully be completed long after the apparent expiry.

CHAPTER 6

Appeals

Sections 356 to 368. Four levels — two on facts and law, two on law alone — and a set of periods to be learnt with them.

6.1 The ladder

Level	Authority	Sections	Against what	Time to file
First appeal	**Commissioner (Appeals)**, or the **Joint Commissioner (Appeals)** in the smaller cases	356 to 360	An order of the **Assessing Officer** — an assessment, an intimation determining a sum, a penalty, an order refusing to rectify	**30 days** from the service of the notice of demand or the order
Second appeal	**Income-tax Appellate Tribunal**	361 to 364	An order of the Commissioner (Appeals), and certain orders of the Principal Commissioner or Commissioner	**60 days** from the communication of the order
Third	**High Court**	365 to 367	An order of the Tribunal, **only where a substantial question of law arises**	**120 days** from the communication of the order
Fourth	**Supreme Court**	368	A judgment of the High Court, on certificate or on special leave	As the Supreme Court Rules provide

6.2 The first appeal — Commissioner (Appeals)

- **Who may appeal** — the **assessee** (and, in the cases the Act specifies, the Assessing Officer). This is the only level at which the assessee alone ordinarily appeals.
- **Form and fee** — the appeal is filed **electronically**, in the prescribed form, with the grounds of appeal and the statement of facts, on payment of the prescribed fee, which varies with the assessed income.
- **Condition precedent** — where the assessee has not filed a return, he must have paid an amount equal to the advance tax payable. Where he has filed a return, the **tax on the returned income must have been paid**.
- **Condonation** — the Commissioner (Appeals) may admit an appeal after thirty days if satisfied that there was **sufficient cause** for the delay.
- **Powers** — the widest of any appellate authority. He may **confirm, reduce, enhance or annul** the assessment. **The power of enhancement is peculiar to this level**, and it may be exercised only after giving the assessee a reasonable opportunity of showing cause.
- **Additional evidence** — admitted only in the circumstances the Rules prescribe, and after giving the Assessing Officer an opportunity.
- **The order** — in writing, stating the points for determination, the decision and the reasons.

> **THE POWER TO ENHANCE — THE ONE THING TO WARN A CLIENT ABOUT**
>
> **A first appeal can leave the assessee worse off than he began.** The Commissioner (Appeals) may *enhance* the assessment, and the Tribunal cannot.
>
> So an appeal on a small point, in an assessment that contains a larger point the officer missed, is a real risk. The advice is to look at the whole assessment before appealing against a part of it.
>
> *This is a favourite examination contrast: **the Commissioner (Appeals) may enhance; the Tribunal may not.** State it whenever the two are compared.*

6.3 The second appeal — the Appellate Tribunal

- **Constituted** by the Central Government; it functions under the **Ministry of Law**, not the Ministry of Finance, and is therefore independent of the Department. A bench ordinarily consists of one **judicial** member and one **accountant** member.

- **Who may appeal — either the assessee or the Assessing Officer**, on the direction of the Principal Commissioner or Commissioner.
- **Cross-objections** — the respondent may, within **thirty days** of receiving notice of the appeal, file a memorandum of cross-objections, which is disposed of as if it were an appeal.
- **Powers** — it may pass such orders as it thinks fit: confirm, reduce, annul, or **set aside and remand** to the Assessing Officer. **It may not enhance the assessment.**
- **Rectification** — it may rectify a mistake apparent from the record within six months from the end of the month in which the order was passed.
- **Finality — the Tribunal is the final authority on questions of fact.** Its finding of fact is not open to challenge in the High Court unless it is perverse or unsupported by evidence. This is the single most important sentence about the Tribunal.

6.4 The High Court and the Supreme Court

	High Court	Supreme Court
Sections	365 to 367	368
Against	An order of the Appellate Tribunal	A judgment of the High Court
Ground	**Only a substantial question of law.** A question of fact, however wrongly decided, will not found an appeal	A substantial question of law of general importance, on the High Court's certificate or on special leave under Article 136 of the Constitution
Time	**120 days** from the communication of the order	As the Supreme Court Rules provide
Procedure	Heard by a bench of not less than two judges; the Court formulates the question of law and hears the appeal on it	As the Court directs
Effect	The Court delivers judgment stating the grounds; a copy is sent to the Tribunal, which passes orders to conform to it	Binding on every court and authority in India under Article 141

"Substantial question of law" — what it means, in three lines

A question is substantial if it is **debatable**, is **not already settled** by the Supreme Court or by a binding decision, and its resolution **affects the rights of the parties**.

A finding that a particular expenditure was or was not incurred is a question of **fact**. Whether expenditure of that character is allowable under a section is a question of **law**. Whether the Tribunal's finding is perverse — that is, one no reasonable person could reach on the evidence — is treated as a question of **law**.

6.5 Two things that are not appeals

- **Rectification of a mistake apparent from the record** — available to the authority that passed the order, on its own motion or on application, within four years. A "mistake apparent" must be obvious and patent, not one that has to be established by a long process of reasoning.
- **The Dispute Resolution Committee** [section 379] — for small and eligible cases, an alternative to appeal, which may modify the order and grant immunity from penalty and prosecution on the conditions prescribed. Dealt with in Chapter 7.

CHAPTER 7

Revision

Sections 377 and 378. Two powers exercised by the Principal Commissioner or Commissioner, outside the appeal system — one for the revenue and one for the assessee — and the section numbers are a trap.

THE RENUMBERING TRAP, STATED AGAIN BECAUSE IT IS THE WORST IN THE PAPER

- 1961 Act **section 263** — revision of an order **prejudicial to the revenue** → 2025 Act **section 377**.
- 1961 Act **section 264** — revision **in favour of the assessee** → 2025 Act **section 378**.
- **2025 Act section 263 is the return of income.**

Write 377 and 378. If you write 263 for revision you have named the return, and the examiner cannot give you the mark for a provision you have not identified.

7.1 Revision of an order prejudicial to the revenue [section 377]

Element	The rule
Who	The **Principal Commissioner or Commissioner**
What may be revised	**Any order** passed by the Assessing Officer, other than an order that has been the subject of an appeal
The twin condition	The order must be **both erroneous and prejudicial to the interests of the revenue**. **Both** limbs must be satisfied. An order that is erroneous but not prejudicial, or prejudicial but not erroneous, cannot be revised
Procedure	The Commissioner may call for and examine the record; he must give the assessee an **opportunity of being heard**, and make or cause to be made such inquiry as he considers necessary
The order he may pass	Enhancing, modifying or **cancelling** the assessment, and directing a **fresh assessment**
Time limit	**Two years** from the end of the financial year in which the order sought to be revised was passed
Remedy against it	**Appeal to the Appellate Tribunal.** The order of revision is itself appealable

WHEN IS AN ORDER "ERRONEOUS"? — THE FOUR STANDARD CASES

- It is passed **without making inquiries or verification** which should have been made.
- It allows relief **without inquiring into the claim**.
- It is **not in accordance with an order, direction or instruction** issued by the Board.
- It is passed **without applying a decision** of the jurisdictional High Court or the Supreme Court on the point.

And note the limit. Where the Assessing Officer has taken **one of two views** both of which are legally possible, the order is not erroneous merely because the Commissioner prefers the other. Revision is not an appeal by the Department against its own officer's judgment.

7.2 Revision in favour of the assessee [section 378]

Element	The rule
Who	The **Principal Commissioner or Commissioner**
On whose motion	**On his own motion**, or **on an application by the assessee**
What may be revised	Any order passed by an authority subordinate to him
The limit on the order	He may pass such order, **not being an order prejudicial to the assessee**, as he

Element	The rule
	thinks fit. **This power can only help the assessee, never hurt him**
Time — on his own motion	**Within one year** from the date of the order
Time — on the assessee's application	The application must be made **within one year** from the date on which the order was communicated, and the Commissioner must pass his order within **one year** from the end of the financial year in which the application is made
Fee	A prescribed fee is payable on the application
When it is not available	Where an **appeal is pending**; where the time to appeal has not expired and the assessee has not waived his right; or where the order has been the subject of an appeal
Remedy against it	**No appeal lies** against an order under section 378. The only recourse is a writ petition to the High Court

7.3 The two revisions compared

Point	Section 377 — for the revenue	Section 378 — for the assessee
1961 Act	263	264
Whose interest	The **revenue's**	The **assessee's**
Initiated by	The Commissioner, on his own motion	The Commissioner on his own motion, or **on the assessee's application**
Condition	The order must be **erroneous and prejudicial to the revenue**	No such condition — but the order passed must not be prejudicial to the assessee
Effect on the assessee	May be **adverse** — the assessment may be enhanced or cancelled	**Never adverse**
Time limit	**Two years** from the end of the financial year of the order	**One year**, as set out above
Opportunity of hearing	**Mandatory**	In practice given, and required by natural justice where the application is to be rejected
Appeal against the revisional order	**Yes — to the Appellate Tribunal**	**No appeal. Writ only**

7.4 The Dispute Resolution Committee [section 379]

- Constituted for the resolution of disputes in the case of **eligible assessees** with **specified orders** — small cases, within the monetary limits prescribed.
- It may **modify** the order, and may **grant immunity from penalty and prosecution**, wholly or in part.
- It is **not available** where the assessee has been searched, or where prosecution has been instituted, or in the other excluded cases the section names.
- **It is an alternative to appeal, not an addition to it.** An assessee who goes to the Committee gives up the first appeal on the same matter.

CHAPTER 8

Revision, Ready Reckoner and Question Bank

The whole of Part B compressed, then the practice.

8.1 Old section to new section — a ready reckoner for Part B

Subject	Income-tax Act, 1961	Income-tax Act, 2025
Income-tax authorities — the classes	116	**236**
Return of income	139	**263**
Belated return	139(4)	**263(4)**
Revised return	139(5)	**263(5)**
Updated return	139(8A)	**263(6)**
Defective return	139(9)	**263(7)**
Electronic filing scheme	139D	**263(2)**
Exemption from filing for a senior citizen	194P	**263(3)**
Permanent account number	139A, 139AA	**262** with Rule 159
Self-assessment	140A	**266**
Inquiry before assessment; special audit	142	**268**
Processing of a return — summary assessment	143(1)	**270(1)**
Scrutiny assessment	143(2), 143(3)	**270**
Best judgment assessment	144	**271**
Faceless assessment	144B	**273**
Time limit for completion of assessment	153, 153B	**286**
Appeal to the Commissioner (Appeals)	246A to 251	**356 to 360**
Appeal to the Appellate Tribunal	252 to 255	**361 to 364**
Appeal to the High Court	260A, 260B	**365 to 367**
Appeal to the Supreme Court	261, 262	**368**
Revision of an order prejudicial to the revenue	**263**	377
Revision in favour of the assessee	**264**	378
Dispute Resolution Committee	245MA	**379**
Rounding off of income and of tax	288A, 288B	**516**
Power to make rules	295	**533**

8.2 The renumbering traps for the whole paper

The number	What it was in the 1961 Act	What it is in the 2025 Act	Where the old provision now lives
263	Revision of an order prejudicial to the revenue	**Return of income**	**377**
264	Revision in favour of the assessee	Part of the assessment machinery	**378**
198	Tax deducted is income received	**Long-term capital gain on listed equity at 12.5% above ₹1,25,000**	**396**
194	Deduction of tax from dividend	**The table of special rates — winnings at 30%**	Within **393**
195	Deduction of tax on payments to non-residents	**Charge at 30% on certain income**	**393(2)**
123	(No such section in Chapter VI-A)	**The ₹1,50,000 deduction — the old 80C**	—
202	(Certificate for lower deduction was 197)	**The two regimes — the old 115BAC**	—
270	Penalty for concealment	**Assessment**	The penalty provisions are elsewhere
271	Failure to furnish returns — penalty	**Best judgment assessment**	The penalty provisions are elsewhere

How to use this table

Read down the first column and cover the third. If you can say what each number now means, you will not make the error that costs most marks in this paper.

The two worst are 270 and 271. In the 1961 Act they were the *penalty* sections; in the 2025 Act they are *assessment* and *best judgment assessment*. A student who has read an old book will recognise the numbers and describe exactly the wrong thing.

8.3 Every figure and period in Part B on one page

Topic	Point	Figure
Return	Due date — individual filing ITR-1 or ITR-2	**31 July**
Return	Due date — non-audit business, ITR-3 and ITR-4	**31 August** (Finance Act, 2026)
Return	Due date — audit case, and a company	**31 October**
Return	Due date — transfer pricing case	**30 November**
Return	Belated — section 263(4)	**9 months** from the end of the tax year — 31 December 2027
Return	Revised — section 263(5)	**12 months** from the end of the tax year — 31 March 2028
Return	Updated — section 263(6)	**48 months** — 31 March 2032; additional tax **25% to 70%**
Return	Defective — time to rectify	**15 days**

Topic	Point	Figure
Return	Verification	**30 days** from transmitting the data
Assessment	Processing under section 270(1)	**9 months** from the end of the tax year in which the return is furnished
Assessment	Response to a proposed adjustment	**30 days**
Assessment	Completion under section 270 or 271	**18 months** (extended from 12 by the Finance Act, 2026)
Assessment	Fresh assessment after an order setting aside	**12 months** from the end of the financial year in which the order is received
Rectification	Time limit	**4 years**; application to be disposed of in **6 months**
Appeal	To the Commissioner (Appeals)	**30 days**
Appeal	To the Appellate Tribunal	**60 days**; cross-objections **30 days**
Appeal	To the High Court	**120 days**
Appeal	Power to enhance	**Commissioner (Appeals) may; the Tribunal may not**
Appeal	Finality on facts	**The Appellate Tribunal**
Revision	Section 377 — prejudicial to the revenue	**2 years** from the end of the financial year of the order; appealable to the Tribunal
Revision	Section 378 — in favour of the assessee	**1 year**; **no appeal**, writ only

8.4 Objective questions

No.	Question and options
1	The classes of income-tax authorities are specified in — (a) section 116 (b) **section 236** (c) section 263 (d) section 270
2	The apex authority for the administration of direct taxes is — (a) the Principal Chief Commissioner (b) **the Central Board of Direct Taxes** (c) the Commissioner (d) the Ministry of Finance
3	An Inspector of Income-tax may — (a) make an assessment (b) hear an appeal (c) **assist in enforcement and verification** (d) revise an order
4	The return of income is governed by — (a) section 139 (b) **section 263** (c) section 266 (d) section 270
5	A belated return may be furnished under — (a) section 263(1) (b) **section 263(4)** (c) section 263(5) (d) section 263(6)
6	A revised return may be furnished under — (a) section 263(4) (b) **section 263(5)** (c) section 263(6) (d) section 263(7)
7	An updated return may be furnished within — (a) 12 months (b) 24 months (c) 36 months (d) **48 months** from the end of the tax year
8	The revised return for Tax Year 2026-27 may be furnished up to — (a) 31 December 2027 (b) **31 March 2028** (c) 31 July 2028 (d) 31 March 2032
9	A defective return must be rectified within —

No.	Question and options
	(a) 7 days (b) **15 days** (c) 30 days (d) 60 days
10	A return must be verified within — (a) 15 days (b) **30 days** (c) 60 days (d) 120 days
11	The due date for an individual filing ITR-1 for Tax Year 2026-27 is — (a) **31 July 2027** (b) 31 August 2027 (c) 31 October 2027 (d) 30 November 2027
12	The due date for a non-audit business filing ITR-4 is now — (a) 31 July (b) **31 August** (c) 31 October (d) 30 November
13	A resident individual with salary, one house property and interest income files — (a) **ITR-1** (b) ITR-2 (c) ITR-3 (d) ITR-4
14	A firm files — (a) ITR-3 (b) ITR-4 (c) **ITR-5** (d) ITR-2
15	Self-assessment is governed by — (a) section 140A (b) **section 266** (c) section 270 (d) section 271
16	Where self-assessment tax paid falls short, it is applied first towards — (a) the tax (b) the interest (c) **the fee** (d) equally
17	Summary processing of a return is governed by — (a) section 143(1) (b) **section 270(1)** (c) section 271 (d) section 273
18	Processing must be completed within — (a) 6 months (b) **9 months** (c) 12 months (d) 18 months
19	Before an adjustment is made in processing, the assessee must be given — (a) no notice (b) **an intimation and an opportunity to respond** (c) a personal hearing (d) 15 days only
20	Best judgment assessment is governed by — (a) section 144 (b) section 270 (c) **section 271** (d) section 273
21	Faceless assessment is governed by — (a) section 144B (b) section 270 (c) **section 273** (d) section 286
22	Faceless assessment is — (a) a separate kind of assessment (b) **the manner in which an assessment is made** (c) an appeal (d) a revision
23	In faceless assessment, a personal hearing may be granted — (a) never (b) as of right (c) **only through video conferencing, on request** (d) only by the Commissioner
24	The time limit for completing an assessment for Tax Year 2026-27 is — (a) 9 months (b) 12 months (c) **18 months** (d) 24 months
25	An appeal to the Commissioner (Appeals) must be filed within — (a) **30 days** (b) 60 days (c) 90 days (d) 120 days
26	An appeal to the Appellate Tribunal must be filed within — (a) 30 days (b) **60 days** (c) 90 days (d) 120 days
27	An appeal to the High Court must be filed within — (a) 30 days (b) 60 days (c) 90 days (d) **120 days**
28	The power to enhance an assessment in appeal belongs to — (a) **the Commissioner (Appeals)** (b) the Appellate Tribunal (c) the High Court (d) all three
29	The final authority on a question of fact is — (a) the Commissioner (Appeals) (b) **the Appellate Tribunal** (c) the High Court (d) the Supreme Court
30	An appeal lies to the High Court only where —

No.	Question and options
	(a) the tax exceeds a limit (b) **a substantial question of law arises** (c) the assessee so elects (d) the Tribunal certifies
31	Cross-objections before the Tribunal must be filed within — (a) 15 days (b) **30 days** (c) 60 days (d) 90 days
32	Revision of an order prejudicial to the revenue is governed by — (a) section 263 (b) section 264 (c) **section 377** (d) section 378
33	Revision in favour of the assessee is governed by — (a) section 263 (b) section 264 (c) section 377 (d) **section 378**
34	Under section 377 the order must be — (a) erroneous (b) prejudicial to the revenue (c) **both erroneous and prejudicial to the revenue** (d) either
35	The time limit for revision under section 377 is — (a) 1 year (b) **2 years** from the end of the financial year of the order (c) 4 years (d) no limit
36	Against an order under section 378 — (a) an appeal lies to the Tribunal (b) an appeal lies to the High Court (c) **no appeal lies** (d) a further revision lies
37	An order under section 378 — (a) may enhance the assessment (b) **may not be prejudicial to the assessee** (c) may cancel the assessment (d) may direct a fresh assessment
38	Under the Income-tax Act, 2025, section 271 deals with — (a) penalty for concealment (b) **best judgment assessment** (c) failure to furnish a return (d) revision
39	Under the Income-tax Act, 2025, section 198 deals with — (a) tax deducted is income received (b) **long-term capital gain on listed equity** (c) appeals (d) refunds
40	*CIT v. Rajesh Jhaveri Stock Brokers Pvt. Ltd.* decided that an intimation on summary processing — (a) is an assessment (b) **is not an assessment** (c) is an appealable order only (d) is a revision

Answers

1 b	2 b	3 c	4 b	5 b	6 b	7 d	8 b	9 b	10 b
11 a	12 b	13 a	14 c	15 b	16 c	17 b	18 b	19 b	20 c
21 c	22 b	23 c	24 c	25 a	26 b	27 d	28 a	29 b	30 b
31 b	32 c	33 d	34 c	35 b	36 c	37 b	38 b	39 b	40 b

8.5 Fill in the blanks

1. The classes of income-tax authorities are specified in section _____. **[236]**
2. The return of income is governed by section _____. **[263]**
3. A belated return may be furnished within _____ months from the end of the tax year. **[nine]**
4. A revised return may be furnished within _____ months from the end of the tax year. **[twelve]**
5. An updated return may be furnished within _____ months from the end of the tax year. **[forty-eight]**
6. Self-assessment is governed by section _____. **[266]**
7. The processing of a return is governed by section _____ and must be completed within _____ months. **[270(1); nine]**
8. Best judgment assessment is governed by section _____. **[271]**
9. Faceless assessment is governed by section _____. **[273]**
10. An assessment for Tax Year 2026-27 must be completed within _____ months. **[eighteen]**
11. An appeal to the Commissioner (Appeals) must be filed within _____ days. **[thirty]**
12. An appeal to the Appellate Tribunal must be filed within _____ days. **[sixty]**

13. An appeal to the High Court lies only on a _____. **[substantial question of law]**
14. Revision of an order prejudicial to the revenue is under section _____, within _____ years. **[377; two]**
15. Revision in favour of the assessee is under section _____, and against it _____ lies. **[378; no appeal]**

8.6 Short-answer and long-answer questions

Short answer (4 to 6 marks)

1. State the classes of income-tax authorities under section 236 and the principal function of each level.
2. Who is an "Assessing Officer"? Explain, and state why the expression is a role and not a designation.
3. Are the circulars of the Central Board of Direct Taxes binding? On whom, and why?
4. State the persons who must furnish a return of income whatever their income.
5. Distinguish an original return from a belated return, stating the consequences of the latter.
6. Distinguish a revised return from an updated return.
7. What is a defective return, and what are the consequences of failing to rectify it?
8. State the due dates for furnishing a return for Tax Year 2026-27, category by category.
9. State the applicability of ITR-1 and ITR-4, and who may not use each.
10. Explain the methods of verifying a return and the period within which it must be done.
11. Explain self-assessment under section 266 and the order in which a part payment is applied.
12. State the adjustments that may be made in processing a return under section 270(1).
13. Why is an intimation on summary processing not an assessment? Refer to *CIT v. Rajesh Jhaveri*.
14. State the circumstances in which a best judgment assessment may be made, and the safeguards.
15. Explain the Faceless Assessment Scheme and name its units.
16. State the time limits for the completion of assessments, and the two changes made by the Finance Act, 2026.
17. State the appellate hierarchy with the section, the authority and the period for each level.
18. Compare the powers of the Commissioner (Appeals) with those of the Appellate Tribunal.
19. What is a substantial question of law? Give one example each of a question of fact and of law.
20. Distinguish revision under section 377 from revision under section 378.

Long answer (10 to 15 marks)

1. Explain the hierarchy of income-tax authorities under the Income-tax Act, 2025, and the powers exercised at each level.
2. Discuss the provisions relating to the return of income under section 263, dealing with all five kinds of return, the forms and the due dates.
3. Explain the several kinds of assessment under the Income-tax Act, 2025, and distinguish them from one another.
4. "Faceless assessment is a manner and not a kind." Discuss, explaining the scheme, its objects and the criticisms made of it.
5. Explain the time limits for the completion of assessments and the reasons why limitation is a substantive protection of the assessee.
6. Discuss the appellate remedies available to an assessee under the Income-tax Act, 2025, from the first appeal to the Supreme Court.
7. Compare the two powers of revision under sections 377 and 378 in every material respect.
8. An assessee has received an assessment order he considers wrong on the facts and on the law. Advise him on the remedies open to him, the periods within which each must be pursued, and the risks of each.
9. Set out the steps a salaried individual should follow in furnishing ITR-1 on the e-filing portal, and the checks he should make before and after filing.

8.7 Where to go next

This completes the paper. Read the four Units in the order in which they are taught: Unit 1 for the idea of tax planning and the master decision under section 202; Unit 2 for its application head by head; Unit 3 for the investments; and Unit 4, in its two Parts, for the management of the liability once it has been determined.

> A CLOSING WORD ON THE PAPER AS A WHOLE
>
> **Planning decides how much. Management decides when, by whom and how. Neither is worth much without the other.**
>
> A client whose affairs are perfectly planned and whose returns are filed late will pay interest under sections 423, 424 and 425, forfeit the carry-forward of his losses, and wait a year for a refund that should never have arisen. A client who files punctually but has not looked at section 202 will pay far more tax than he need. The paper examines both because the profession requires both.

> *And the single practice that serves both is the one this booklet has returned to again and again:* ***read the annual information statement and Form 168 before you file.*** *Everything the Department knows about your client is in them, and it takes twenty minutes.*