

Union Budget 2024 Procedural aspects



Rationalisation of reassessment provisions and reintroduction of block assessments w.e.f. 1 September 2024

- Assessing Officer (AO) is now empowered to issue show cause notice on the basis of information that suggests that the income chargeable to tax has escaped assessment (escaped income) for a relevant FY without prior approval of specified authority, which is now required only at the stage of passing the order determining whether or not it is fit to issue a reassessment notice.
- Revised timelines specified for issuance of show cause notice and reassessment notice are as follows:

Applicability	Time limit for issuance of show cause notice	Time limit for issuance of reassessment notice
Income escaping assessment <50 lakhs for a FY	Four years from end of relevant FY	Four years and three months from end of relevant FY
Specific cases	Six years from end of relevant FY provided the AO has information that suggests that escaped income amounts to or is likely to amount to INR 50 lakh or more	Six years and three months from the end of relevant FY Provided the AO has in his possession books of account, documents, etc., related to any asset, expenditure, transaction or entries that show that escaped income amounts to or is likely to amount to INR 50 lakh or more

- Additional commissioner/director or joint commissioner/director shall now be the specified authority for reassessment proceedings.
- Block assessment reintroduced for search initiated or requisition made on or after 1 September 2024. Block period to comprise six years preceding the FY in which search was initiated or requisition made and including the period up to the date of execution of the last of the authorisations for such search or requisition.
- Search initiated or requisition made from 1 April 2021 to 31 August 2024 will continue to be governed by existing reassessment provisions.
- The reduction in time barring limit from 11 years to 6 years and 3 months from the end of the relevant FY would provide certainty in respect of past tax years and reduce potential litigation.

Rationalisation of prosecution proceedings

- Initiation of prosecution proceedings in case of delay in deposit of TDS has been a matter of concern for taxpayers.
- Prosecution provisions have been relaxed where TDS is deposited beyond the relevant due date but before the time prescribed for filing the relevant quarterly e-TDS statement.
- The proposed amendment will provide relief to relevant taxpayers.

Introduction of timelines for orders deeming any person to be an assessee in default

- Currently, there is a time limit of seven years (from the end of the FY in which payment is made or credit is given) to pass an order deeming a person to be an assessee in default for failure to deduct or deposit TDS in the case of resident payees. However, there is no such time limit to pass an order where the payee is a non-resident. Similarly, no time limit has been prescribed to pass an order in cases of failure to collect or deposit tax at source (TCS).
- It is now proposed to provide a common limitation period of six years from the end of the FY for passing such an order in the case of both resident and non-resident payees. A similar timeline has also been prescribed for passing orders in the case of TCS provisions.

Time limit to file correction statement in respect of TDS/TCS statements

To reduce difficulties faced by deductees/collectees from multiple revisions of TDC /TCS statements by deductors/collectors, a time limit of six years (from the end of the relevant FY) is proposed for filing correction statements. The amendment will take effect from 1 April 2025.

Penalty for failure to furnish e-TDS and e-TCS statements within prescribed due dates

- Penalty will now be imposed on late furnishing of TDS or TCS statement beyond 1 month instead of the existing period of 12 months from the prescribed due dates.

- This will encourage timely filing of e-TDS/e-TCS statements and thereby enable deductees to claim eligible TDS/TCS credit in their ITR.

Discontinuation of quoting of Aadhaar enrolment ID in place of Aadhaar number

- Coverage of the Aadhaar number has encompassed the majority of the population in India. To avoid allotment of PAN against the Aadhaar Enrolment ID leading to duplication and misuse of PAN, the quoting of said ID in the application form for PAN and ITR will be discontinued w.e.f. 1 October 2024.
- Every person who has been allotted PAN based on Aadhaar Enrolment ID should intimate his/her Aadhaar number on or before a notified date.

Rationalisation of appeals to ITAT

- The current time limit to file an appeal before ITAT within sixty days from the date of communication of the order has been increased to two months from the end of the month in which the order sought to be appealed against is communicated.
- This amendment is applicable from 1 October 2024.

Enhancement of powers of the Commissioner of Income-Tax (Appeals) [CIT(A)]

- Under the existing tax law, the CIT(A) does not have power to set aside the best-judgement assessment back to the AO. Now in best judgement assessment cases, the CIT(A) has been empowered to set aside such cases and refer them back to the AO for making a fresh assessment.
- This will reduce the pendency of appeals, and the taxpayer will get a second opportunity to present its case before the AO.
- This amendment will be applicable in case of appellate orders passed by the Commissioner (Appeals) on or after 1 October 2024.

Transfer pricing

- The transfer pricing officers are now enabled to determine the arm's length price of specified domestic transactions that are not disclosed in Form 3CEB or not specifically referred for determination of arm's length price by the AO. Earlier, the transfer pricing officer was able to do so only for international transactions. This amendment would be applicable from FY25 onwards.
- Transfer pricing audits initiated or transfer pricing orders issued for the years covered under search cases are proposed to be abated, and the time period for issue of orders in search cases where transfer pricing reference is made is extended by 12 months. The taxpayers would not be able to approach the dispute resolution panel in such cases.