

UNIVERSITY OF DELHI

BUSINESS TAX PROCEDURES AND MANAGEMENT

DSE 5.8 | DSE 5.7

B.Com (Hons.) | B.Com (Prog.) — Third Year, Semester V

UNIT 4 · PART B

UNDISCLOSED INCOME, AND SEARCH, SEIZURE AND SURVEY

The Powers Used to Find Undisclosed Income, and the Block Assessment that Follows

Search • Seizure • Requisition • Information • Survey • Block Period • 60%

Sections 247 to 254; and Sections 192 and 292 to 294

read with the INCOME-TAX RULES, 2026

Governed by the INCOME-TAX ACT, 2025

(Act No. 30 of 2025, as amended by the Finance Act, 2026)

TAX YEAR 2026-27

1 April 2026 to 31 March 2027

Academic Year 2026-27

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The Prescribed Syllabus for this Part

UNIT 4: PENALTIES AND PROSECUTIONS (9 HOURS)

“Penalties and Prosecutions; Provisions relating to undisclosed income/ investment; Search, seizure and survey.”

THE AUTHORITY FOR THIS SYLLABUS

Resolution No. 4-1-15 — “Resolved that the Amendment to Income tax related papers for B.Com (H), B.Com (Prog), and B.A. (Commerce) papers (In the light of the Income Tax Act 2025 duly approved by the Govt of India) be accepted.” — **Appendix-103**

Placed before the **Executive Council of the University of Delhi, EC (1282) dated 29.04.2026**. The amended syllabus takes effect from the **Academic Year 2026-27**.

The amendment is what makes this paper a paper on the **Income-tax Act, 2025**. Every section reference in this material is in the numbering of the new Act. The corresponding provisions of the Income-tax Act, 1961 have no application to Tax Year 2026-27.

The Guidelines of 5 October 2026

GUIDELINES FOR THE PAPER — DEPARTMENT-COLLEGE INTERFACE

The guidelines for this paper were settled at an online meeting held on **5 October 2026 (Monday)** under the Department-College Interface, jointly organised by the **Department of Commerce, Faculty of Commerce and Business, Delhi School of Economics, University of Delhi** and the **Department of Commerce, Shri Ram College of Commerce** — Convenor **Prof. Naveen Mittal (SRCC)**; Department Representative **Dr. Supreet Kaur**. They fix the provisions that are to be covered under each unit, so that the paper is taught uniformly in every college.

Under **Unit 4: Penalties and Prosecutions (9 hours)** the following provisions are to be covered. The third column shows where each is studied in this series.

Provision	Section	Where studied
Penalty for under-reporting and misreporting of income	439	Unit 4 · Part A
Waiver of penalty and immunity from prosecution	440	Unit 4 · Part A
Penalty for failure to deduct tax at source	448	Unit 4 · Part A
Penalty for failure to collect tax at source	449	Unit 4 · Part A
Penalty for failure to furnish statements, etc.	461	Unit 4 · Part A
Power to reduce or waive penalty in certain cases	469	Unit 4 · Part A
Offences connected with a search	473 to 475	Unit 4 · Part A
Failure to pay tax deducted or collected at source	476, 477	Unit 4 · Part A
Wilful attempt to evade tax; failure to furnish returns of income	478, 479	Unit 4 · Part A
Failure to comply with a direction of special audit or valuation; false statement in verification	481, 482	Unit 4 · Part A
Punishment for second and subsequent offences	485	Unit 4 · Part A
Tax in case of block assessment of search cases	192	Unit 4 · Part B this booklet
Assessment of total undisclosed income as a result of search	292	Unit 4 · Part B this booklet

Provision	Section	Where studied
Computation of total undisclosed income of block period	293	Unit 4 · Part B <i>this booklet</i>
Procedure for block assessment	294	Unit 4 · Part B <i>this booklet</i>
Search and seizure; powers to requisition; reasons not to be disclosed	247 to 249	Unit 4 · Part B <i>this booklet</i>
Application of seized or requisitioned assets; copying, retention and release	250, 251	Unit 4 · Part B <i>this booklet</i>
Power to call for information	252	Unit 4 · Part B <i>this booklet</i>
Powers of survey; power to collect certain information	253, 254	Unit 4 · Part B <i>this booklet</i>

Relevant points noted at the meeting. (1) The Income-tax Act, 2025 has been made applicable in India with effect from 1 April 2026. (2) The applicable tax year during an academic session is the current tax year — for this session, **Tax Year 2026-27** (1 April 2026 to 31 March 2027).

This booklet completes Unit 4. Part A took the penalties and the prosecutions; this Part takes the powers by which undisclosed income is found, and the assessment that follows when it is found in a search.

Half of this Part	Content	Sections
Search, seizure and survey <i>Chapters 1 to 5</i>	Search and seizure, requisition, the application and release of seized assets, the power to call for information, survey, and the power to collect certain information	247 to 254
Undisclosed income and investment <i>Chapter 6</i>	The block assessment of search cases — the block period, the computation of the total undisclosed income, the procedure, and the tax at 60%	192 and 292 to 294 (with 295 to 301)

HOW THE TWO HALVES FIT TOGETHER

A search under section 247, or a requisition under section 248, is the event that opens a **block assessment**. From that date the ordinary assessments of the six earlier tax years and of the broken period abate, and one assessment of the **total undisclosed income of the block period** takes their place. The chain is —

Search or requisition — seizure and presumptions — notice for the return of undisclosed income — computation under section 293 — tax at 60% under section 192 — interest and penalty under section 298

A survey under section 253, the power to call for information under section 252 and the power to collect information under section 254 do **not** open a block assessment. What they yield is information for the ordinary assessment, or for a reopening under section 280.

A Word on the Numbering

The familiar numbers have moved, and the group has been renumbered as a block.

Subject	Act of 1961	Act of 2025
Search and seizure	132	247
Power to requisition	132A	248
Application of seized assets	132B	250
Power to call for information	133	252
Power of survey	133A	253

Subject	Act of 1961	Act of 2025
Power to collect certain information	133B	254
Block assessment in search cases	158B to 158BI; 153A to 153D	292 to 301
Tax on the undisclosed income of the block period	113	192

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	Sections 247 to 254 (search, seizure, requisition, information and survey); and sections 192 and 292 to 301 (block assessment of search cases and the rate of 60%)
Finance Act, 2026 — assent 30 March 2026 (Finance Bill No. 3 of 2026, introduced 1 February 2026)	The amendments to sections 295 and 296 (the block period of the other person, and the time limit), and to section 466 (the penalty for non-compliance with section 254)
Income-tax Rules, 2026 — G.S.R. 198(E) dated 20 March 2026, in force 1 April 2026	The rules made under the Income-tax Act, 2025 governing the retention of seized material, the release of assets, and the return of undisclosed income for the block period (Rule 180, Form ITR-BN)

ABOUT THIS BOOKLET

This booklet has been prepared by **Artificial Intelligence — Claude Opus 5.0 (Anthropic)** — under the guidance and supervision of **Advocate Dr. S. B. Rathore** from the bare text of the **Income-tax Act, 2025** and the **Income-tax Rules, 2026** as downloaded from incometaxindia.gov.in.

Date: **11-08-26** (Original) Updated on: **06-10-2026**

SUGGESTIONS AND CORRECTIONS ARE WELCOME

Teachers of other colleges who teach this paper, and students, are invited to send their comments, suggestions and corrections. They will be considered for the next update of this booklet.

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Search and Seizure — Section 247

Section 247

The gravest power in the Act. It is hedged about with conditions at every stage, and each of them is examinable.

1.1 The two grounds and the authorising officer [section 247(1)]

The power arises only where the competent authority, in consequence of information in his possession, has reason to believe that —

Clause	Ground
(a)	A person to whom a summons under section 246(1) or a notice under section 268(1) (or their equivalents under the repealed Act) — (I) was issued to produce books, documents or information, has omitted or failed to produce them; or (II) has been or might be issued such a summons or notice, and will not produce them
(b)	A person is in possession of any asset, or of information in relation to any asset , which represents wholly or partly income or property which has not been, or would not be, disclosed — the undisclosed income or property

WHO AUTHORISES, AND WHO SEARCHES

The approving authority may authorise a Joint Director, Joint Commissioner, Assistant Director, Assistant Commissioner or Income-tax Officer; and a Joint Director or Joint Commissioner so authorised may in turn authorise an Assistant Director, Assistant Commissioner or Income-tax Officer. The officer so authorised is the authorised officer.

Three requirements are cumulative and each has been the subject of litigation — there must be **information**; that information must give rise to a **reason to believe**, not a mere suspicion; and the belief must be that of the **competent authority** and must be recorded.

1.2 The seven powers of the authorised officer

Item	Power
(i)	Enter and search any building, place, vessel, vehicle or aircraft where he has reason to suspect that assets, books, documents or information on a computer system are kept
(ii)	Require a person in possession or control of records in electronic form to afford reasonable technical and other assistance, including the access code , to enable inspection
(iii)	Break open the lock of any door, box, locker, safe or almirah, or override the access code to a computer system, where the keys or the access are not available
(iv)	Search any person who has got out of, is about to get into, or is in the place searched, if he has reason to suspect that the person has secreted about his person any books, documents, information or asset
(v)	Place marks of identification on books or documents and make extracts or copies , including from a computer system
(vi)	Make a note or inventory of any asset and of the stock-in-trade found
(vii)	Seize any such books, documents, computer systems or asset — other than stock-in-trade of the business

The exclusion of **stock-in-trade** from item (vii) is a standing examination point. Stock may be **inventoried** under item (vi) but it may **not be seized**.

1.3 Search of another place, and the deemed seizure [section 247(2) to (4)]

- **247(2)** — where the place is within an authority's area but he has **no jurisdiction over the person**, he may nevertheless exercise the power if he has reason to believe that **delay in obtaining authorisation** from the authority having jurisdiction **may be prejudicial to the interests of the revenue**.
- **247(3)** — where, during a search, there is **reason to suspect** that books, documents or assets are kept in a **place not mentioned in the authorisation**, the Principal Chief Commissioner, Chief Commissioner, Principal Commissioner or Commissioner may authorise action in respect of that place also.
- **247(4)(a) — deemed seizure.** Where it is **not possible or practicable to take physical possession** of a valuable article or thing (other than stock-in-trade) and remove it, **because of its volume, weight, other physical characteristics or dangerous nature**, the authorised officer may serve an order on the owner or person in possession **not to remove, part with or deal with it** without his permission; and that **is deemed to be a seizure**.
- **247(4)(b) — restraint order.** Where it is impracticable to seize **for any other reason**, a similar order may be served — but it **shall not remain in force for more than sixty days**, and **serving it is not a seizure**.

The distinction between clause (a) and clause (b) is a favourite question. A **deemed seizure** under (a) is confined to a valuable article that **cannot physically be removed**; a **restraint order** under (b) covers anything else, lasts sixty days, and is not a seizure at all. Contravention of an order under section 247(4) is an **offence under section 473**.

1.4 Assistance, examination on oath and the presumptions [section 247(5) to (7)]

- **247(5)** — the authorised officer may **requisition the services of any police officer or officer of the Central Government**, or of an approved person or entity, and it is **their duty to comply**.
- **247(6)** — he may **examine on oath** any person found in possession or control of books, documents, assets or a computer system, or any other person present. The statement **may be used in evidence**, and the examination **is not confined to the material found** but extends to **all matters relevant to any investigation**.

THE FIVE PRESUMPTIONS [SECTION 247(7)]

Where a person is found in possession or control of books, documents, assets or a computer system, **it may be presumed —**

- (a) that they **belong to that person**;
- (b) that their **contents are true**;
- (c) that the **signature and handwriting** are those of the person they purport to be;
- (d) that a document stamped, executed or attested was **duly stamped and executed or attested**; and
- (e) that information in electronic form **purporting to have been exchanged between parties was so exchanged**.

The word is “**may**”, not “**shall**” — the presumptions are rebuttable, and the burden of rebutting them is on the person from whose possession the material was taken.

1.5 Provisional attachment and valuation [section 247(8) and (9)]

- **247(8)** — the authorised officer may, **by order in writing, provisionally attach any property** of the assessee during the search or **within sixty days from the execution of the last of the authorisations**. The attachment must be made **after recording reasons in writing**, on satisfaction that it is necessary in the interests of the revenue, and **with the prior approval of the Principal Director General, Director General, Principal Director or Director**; and it is **valid for six months** from the end of the month of the order.
- **247(9)** — the authorised officer may **refer the valuation** of any property to a Valuation Officer, who reports within the prescribed period.

Requisition, Reasons and Seized Assets — Sections 248 to 251

Sections 248 to 251

What happens to what has been taken, and the timetable that governs it.

2.1 Power to requisition [section 248]

Where the approving authority, in consequence of information in his possession, has reason to believe that books of account, documents or assets have been taken into custody by any officer or authority under any other law

— typically the police or a customs authority — and that they **ought not to be returned** to the person from whom they were taken, he may authorise an officer to **require the delivery of those books, documents or assets** to him.

A requisition is not a search. It is an order to another authority to hand over what it already holds, and the consequences that follow — abatement, block assessment, the application of seized assets — are the same as for a search.

2.2 Reasons not to be disclosed [section 249]

“The **reason to believe or reason to suspect**, as referred to in section 247 or 248, recorded by the income-tax authority **shall not be disclosed to any person or any authority or the Appellate Tribunal.**”

The section is short and absolute. It does not, however, prevent a **High Court in writ proceedings** from calling for the record to satisfy itself that the reasons exist and have a rational connection with the belief.

2.3 Application of seized or requisitioned assets [section 250]

Sub-section	What it provides
250(1)	The seized assets may be applied against — (a) any existing liability (other than advance tax) under this Act, the repealed Act or the Black Money Act, in respect of which the person is in default; (b) the liability determined on completion of the assessment , or of the block assessment , including penalty and interest; and (c) a liability arising on a Settlement application
250(2)	The Assessing Officer may release the assets, or a part, to the person from whose custody they were seized, on an application made within thirty days from the end of the month in which the asset was seized , and on — (a) being satisfied that the nature and source of acquisition is explained ; (b) recovering any existing liability out of them; and (c) obtaining the prior approval of the Principal Chief Commissioner, Chief Commissioner, Principal Commissioner or Commissioner
250(3)	The assets shall be released within one hundred and twenty days from the date on which the last of the authorisations was executed
250(4) and (5)	Where the assets consist of money , it may be applied directly in discharge of the liabilities, and the assessee is discharged to that extent; assets other than money may also be applied, and are deemed to be under distraint for that purpose

2.4 Copying, retention and release [section 251]

- **251(1)** — where the authorised officer **has no jurisdiction** over the person, the seized assets and material shall be **handed over to the Assessing Officer having jurisdiction within one hundred and eighty days** from the initiation of the search or the making of the requisition.
- **251(2)** — on an application, the person from whose custody the material was seized shall be **allowed to make copies or take extracts**, in the presence of the officer, at such place and time as he appoints.

-
- **251(3)** — the authorised officer may retain the material **up to one month from the end of the quarter in which the order of assessment, reassessment or block assessment is made**; and **beyond that only after recording reasons in writing and obtaining the approval of the approving authority**.
 - **251(4)** — the approving authority **shall not allow retention beyond thirty days** from the date on which all the proceedings for the relevant years are completed.

Advocate Dr. S. B. Rathore

Power to Call for Information — Section 252

Section 252 · section 465(2)

The quietest of the powers — a written requisition, with no entry, no search and no seizure.

3.1 Who may call for information [section 252(1)]

The **Assessing Officer**, the **Joint Commissioner**, the **Joint Commissioner (Appeals)** or the **Commissioner (Appeals)** may, **for the purposes of the Act**, require the persons named in the six clauses of section 252(1) to furnish information, returns or statements within the time he fixes. The power is exercised by a notice in writing; nobody's premises are entered.

3.2 The six clauses

Clause	From whom	What
252(1) (a)	Any person, including a banking company or any officer of it	Information, or statements of account and affairs verified as specified, on matters which in the authority's opinion will be useful for, or relevant to, any enquiry or proceeding under the Act
252(1) (b)	A firm	A return of the names and addresses of the partners and their respective shares
252(1) (c)	A Hindu undivided family	A return of the names and addresses of the manager and the members
252(1) (d)	A person believed to be a trustee, guardian or agent	A return of the names and addresses of the persons for whom he acts
252(1) (e)	An assessee	A statement of the names and addresses of all persons to whom he has paid, in any tax year, rent, interest, commission, royalty, brokerage or any annuity (not being an annuity taxable as salary) of more than ₹10,000 , or such higher amount as may be prescribed, with particulars of the payments
252(1) (f)	A dealer, broker or agent , or a person concerned in the management of a stock or commodity exchange	A statement of the names and addresses of persons to whom, on whose behalf or from whom sums have been paid or received in connection with the transfer of assets , with particulars

3.3 Who else may act, and the limit where nothing is pending [section 252(2) and (3)]

- **252(2)** — the power in clause (a) may also be exercised by the **competent authority** or the **Assistant Director**.
- **252(3)(a)** — where **no proceeding is pending**, the power may not be exercised by an authority below the rank of Principal Director, Director, Principal Commissioner or Commissioner — other than a Joint Director or Assistant Director — **without the prior approval** of the Principal Director or Director, or the Principal Commissioner or Commissioner, as the case may be.
- **252(3)(b)** — an authority notified under section 246(2)(a) may exercise the power for the purposes of an **agreement with a foreign country** referred to in section 159, even though no proceeding is pending before it or any other authority.

3.4 The consequence of non-compliance, and the place of the power

A failure to furnish the returns, statements or particulars required under section 252 attracts a penalty of **₹500 for every day** during which the failure continues [section 465(2)], subject to the defence of reasonable cause in section 470.

Section 252 is the first step in most investigations. Information gathered from a bank under clause (a), or from a broker under clause (f), is very often the “information in possession” on which a search is later authorised under section 247(1), or the “information which suggests” that income has escaped assessment under section 280. It requires **no reason to believe** and involves **no entry** — which is what distinguishes it from a search, a survey and the power to collect information under section 254.

ILLUSTRATION 3.1 — THE BANK AND THE BROKER

In the course of an enquiry into the affairs of Shri Kunal, no assessment being pending, an Income-tax Officer wishes to call upon (a) Punjab National Bank to furnish the statement of Shri Kunal's accounts for four years, and (b) a stock broker to furnish particulars of all shares sold through him by Shri Kunal. *Advise.*

Both requisitions fall within section 252 — clause (a) for the bank, which expressly includes a banking company, and clause (f) for the broker. But **no proceeding is pending**, so the Income-tax Officer, being below the rank of Principal Commissioner or Commissioner, must first obtain the **prior approval** of the Principal Commissioner or Commissioner [section 252(3)(a)]. If the bank or broker then fails to comply, each is liable to a penalty of ₹500 a day under section 465(2).

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Survey, and the Power to Collect Certain Information — Sections 253 and 254

Sections 253 and 254 · section 466

A lesser power than search, exercised in daylight at a place of business, and with one thing it may never do.

4.1 The power of entry [section 253(1) to (3)]

An income-tax authority may enter any place at which a business or profession, or an activity for charitable

purpose, is carried on — whether or not it is the principal place — where the place is (a) within the area assigned to him; (b) occupied by a person over whom he exercises jurisdiction; or (c) one for which he is authorised by the authority who has the area or the person.

On entry he may require any proprietor, trustee, employee or other person attending to or helping in the business —

- (i) to provide the **necessary technical and other assistance, including the access code**, to enable inspection of books, documents or information in electronic form;
- (ii) to provide the facility to **check or verify the asset or stock**; and
- (iii) to furnish **such information** as may be useful for or relevant to any proceeding.

THE EXTENDED PLACE, AND THE HOURS [SECTION 253(2) AND (3)]

253(2) — the place includes **any other place**, whether or not a business is carried on there, in which the person **states** that his books, cash, stock, valuable articles or computer system relating to the business are kept.

253(3) — **the authority may enter a place of business only during the hours at which it is open for business; and any other place only after sunrise and before sunset.**

4.2 The special survey for tax deducted at source [section 253(4) and (6)]

For the purpose of verifying that tax has been deducted or collected at source under Chapter XIX-B, an income-tax authority may, after sunrise and before sunset, enter any office or place of business within his area, or any place for which he is authorised, and require the deductor, collector or any person attending to that work — (i) to provide the technical assistance including the access code, and (ii) to furnish the information required.

253(6) — an authority acting under sub-section (4) may **only** place marks of identification and take copies [section 253(5)(a)] and **record statements** [section 253(5)(b)]. It may **not impound** books, and it may **not make an inventory** of stock.

This limited survey is also the one carved out of the bar on an updated return: section 263(6)(d)(ii) disqualifies a person on whom a survey has been conducted “**other than under sub-section (4) of section 253**”.

4.3 What the authority may do [section 253(5)]

Clause	Power
(a)	Place marks of identification on the books or documents inspected, and make extracts or copies , including from a computer system
(b)	Record the statement of any person on oath which may be useful for or relevant to any proceeding
(c)	Impound, after recording reasons , any books, documents or computer system inspected, and retain them for up to fifteen days (exclusive of holidays) — or beyond fifteen days with the prior approval of the approving authority
(d)	Make an inventory of any asset or stock checked or verified

4.4 What it may not do [section 253(7)]

“An income-tax authority acting under this section shall, on no account, remove or cause to be removed from the place wherein it has entered, any asset or stock.”

This is the single most important line in the section and the clearest point of distinction from a search. In a **survey** the authority may **inventory** cash, stock and valuables but may **never seize or remove** them. In a **search** it may **seize** assets — though not stock-in-trade.

4.5 Survey of expenditure on a function or ceremony [section 253(8)]

Having regard to the nature and scale of expenditure incurred in connection with any function, ceremony or event, the authority may — **after the function** — (a) require the person who incurred the expenditure, or any person likely to have information about it, to **furnish information**; (b) **record statements on oath**; and (c) use those statements **in evidence** in any proceeding.

Note the words “**after such function, ceremony or event**”. The power cannot be used to enter and question during a wedding; it operates afterwards. It links directly to **section 105** — unexplained expenditure — in Chapter 1.

4.6 Refusal, approval and who may act [section 253(9) to (11)]

- **253(9)** — if a person **refuses or evades** to provide the facility, to allow verification, to furnish information or to have his statement recorded, the authority has **all the powers under section 246(1)** — the powers of a civil court — to enforce compliance.

- **253(10)** — action under the section requires the **prior approval of the Principal Director General, Director General, Principal Chief Commissioner or Chief Commissioner**.

- **253(11)(A)** — “income-tax authority” for the section means a **Principal Commissioner or Commissioner, Principal Director or Director, Joint Commissioner or Joint Director, Assistant or Deputy Director, Assessing Officer or Tax Recovery Officer**; and includes an **Inspector of Income-tax only for the purposes of** sub-sections (1)(i), (5)(a) and (8) — that is, to seek assistance, to place identification marks and take copies, and to act on a function or ceremony. An **Inspector may not record a statement on oath, impound anything, or make an inventory**.

4.7 Power to collect certain information [section 254]

Section 254 is a lesser power than a survey, and it is used chiefly to gather information about persons who are not yet on the books of the Department.

Sub-section	What it provides
254(1)	Irrespective of anything in any other provision, an income-tax authority may, for the purpose of collecting any information useful for or relevant to the purposes of the Act, enter (a) any building or place within the limits of the area assigned to him, or (b) any building or place occupied by a person in respect of whom he exercises jurisdiction, at which a business or profession is carried on — whether or not it is the principal place — and require any proprietor, employee or other person attending to the business to furnish such information as may be prescribed
254(2)	He may enter only during the hours at which the place is open for the conduct of the business or profession
254(3)	He shall on no account remove , or cause to be removed, any books of account or other documents, or any cash, stock or other valuable article or thing
254(4)	“Income-tax authority” means a Joint Commissioner, Joint Director, Assistant Director or Assessing Officer ; and an Inspector of Income-tax authorised by the Assessing Officer for the area within his jurisdiction

A person who fails to comply with section 254 is liable to a penalty of ₹25,000 under section 466, the amount having been raised from ₹1,000 by the Finance Act, 2026.

4.8 Section 253 and section 254 distinguished

Point	Survey — section 253	Collection of information — section 254
Place	A place of business or profession, or of an activity for charitable purpose; and a place stated to hold the books, cash or stock	A building or place at which a business or profession is carried on — nothing else
What may be done	Inspect books, verify cash and stock, take copies, record statements on oath, impound books and make inventories	Only require the furnishing of the prescribed information
Timing	Business hours at a place of business; sunrise to sunset elsewhere	Only during business hours
Removal	No asset or stock may be removed; books may be impounded with reasons	Nothing may be removed — books, documents, cash or stock
Approval	Prior approval of the Principal Director General, Director General, Principal Chief Commissioner or Chief Commissioner [section 253(10)]	No approval is required
Who acts	The authorities in section 253(11)(A); an Inspector only for limited purposes	A Joint Commissioner, Joint Director, Assistant Director or Assessing Officer; an Inspector if authorised by the Assessing Officer
Sanction	The powers of a court under section 246(1) to enforce compliance [section 253(9)]	Penalty of ₹25,000 under section 466

Search and Survey Compared

Sections 247 and 253 Twelve points of comparison, and every one of them decides a case.

Point	Search — section 247	Survey — section 253
Precondition	Information in possession giving rise to a reason to believe in one of the two grounds in section 247(1)	No reason to believe is required — only the prior approval of the Principal Director General or Principal Chief Commissioner [section 253(10)]
Who authorises	The approving authority , who authorises a named officer	The authority acts himself, with prior approval
Where	Any building, place, vessel, vehicle or aircraft — including a residence	Only a place of business or profession or charitable activity , and a place stated to hold the books or stock
When	At any time; a search once begun may continue	Only during business hours ; any other place only after sunrise and before sunset
Breaking open	Permitted — locks may be broken and access codes overridden [section 247(1)(iii)]	Not permitted
Personal search	Permitted [section 247(1)(iv)]	Not permitted
Seizure of assets	Permitted , except stock-in-trade [section 247(1) (vii)]	Never — nothing may be removed [section 253(7)]
Impounding books	Permitted as part of seizure	Permitted, after recording reasons , for fifteen days , or longer with approval [section 253(5)(c)]
Statement on oath	Permitted , and not confined to the material found [section 247(6)]	Permitted [section 253(5)(b)]
Presumptions	Five presumptions apply [section 247(7)]	None
Consequence	Block assessment of the block period under section 292; pending proceedings abate	No block assessment. The material becomes “information” for a reopening under section 280(6)(f)
Updated return	Barred for the year of the search and every preceding year [section 263(6)(d)(i)]	Barred , except where the survey is the limited one under section 253(4) [section 263(6)(d)(ii)]

Block Assessment of Search Cases — Sections 192 and 292 to 294

Sections 192 and 292 to 294, read with sections 295 to 301, as amended by the Finance Act, 2026 · Rule 180 · Form ITR-BN

A search opens six years and a broken period; one assessment closes them, at one rate.

6.1 The scheme [section 292(1)]

Irrespective of any other provision of the Act, where, on or after the commencement of the Act, a **search is initiated** under section 247 or a **requisition is made** under section 248 in the case of any person, the Assessing Officer shall proceed to **assess or reassess the total undisclosed income of the block period** as per the provisions of Part B of Chapter XVI — sections 292 to 301.

The scheme has three parts, and the guidelines take each of them by its section —

Section	Marginal heading	What it settles
292	Assessment of total undisclosed income as a result of search	That there shall be a block assessment, what abates, and how the income is charged
293	Computation of total undisclosed income of block period	What is assessed
294	Procedure for block assessment	How it is assessed
192	Tax in case of block assessment of search cases	At what rate it is taxed

6.2 The words that define the Part [section 301]

Expression	Meaning
Block period [301(a)]	The aggregate of — (i) the six tax years preceding the tax year in which the search was initiated or the requisition made; and (ii) the period from 1 April of the tax year of the search to the date of execution of the last of the authorisations
Search [301(c)]	A search initiated under section 247
Requisition [301(b)]	A requisition of books of account, other documents or assets under section 248
The last of the authorisations [301(d)]	Deemed executed — in a search , on the conclusion of the search as recorded in the last panchnama drawn in relation to any person named in the warrant, whether or not anything is seized; in a requisition , on the actual receipt of the books, documents or assets by the authorised officer
Undisclosed income [301(e)]	Includes any money, bullion, jewellery, virtual digital asset or other valuable article or thing, or any expenditure, or any income based on an entry in the books or other documents or on transactions, which represents wholly or partly income or property not disclosed, or which would not have been disclosed , for the purposes of the Act; and any expense, exemption, deduction or allowance claimed which is found to be incorrect — in respect of the block period

6.3 Abatement, revival and the year of the search [section 292(2) to (6)]

Sub-section	What it provides
292(2) (a)	Any assessment, reassessment or recomputation under the ordinary provisions for a tax year in the block period, pending on the date of the search or requisition, abates on that date

Sub-section	What it provides
292(2)(b)	Any such proceeding for which a notice is issued between the date of the search and the date of the block assessment order (other than for the tax year in which the last authorisation is executed) abates on the date of issue of that notice
292(3)	A pending transfer pricing reference under section 166(1), or order under section 166(6), abates with the proceeding
292(4)	Where a further search takes place while a block assessment is pending, the pending assessment is completed first and the second one made afterwards — with at least three months for the second
292(5)	If the block proceeding or order is annulled in appeal, the abated assessments revive from the date the Principal Commissioner or Commissioner receives the order of annulment; and the revival ceases if the annulment is itself set aside
292(6)	The income other than undisclosed income of the tax year in which the last authorisation is executed is assessed separately , under the ordinary provisions
292(7)	The total undisclosed income of the block period is charged at the rate in section 192 as income of the block period, irrespective of the tax year or years to which it relates

Abatement is the key idea. The ordinary machinery for the years in the block period is suspended, and one composite proceeding takes its place. The undisclosed income is not spread over the years and taxed at each year's slab rates; it is **aggregated and taxed once**.

6.4 The tax — 60% [section 192]

SECTION 192

“(1) Irrespective of anything contained in any other provisions of this Act, the total undisclosed income of the block period, determined under section 294 shall be chargeable to tax at the rate of 60%.

(2) The tax chargeable under sub-section (1) shall be increased by a surcharge, if any, levied by any Central Act.”

- **One flat rate** — 60% on the whole of the total undisclosed income, whatever its amount and whoever the assessee. There is no basic exemption, no slab and no rebate.
- **Surcharge** — only “if any”, levied by a Central Act. The Finance Act, 2026 does not name section 192 in its Table of surcharge on income taxed at special rates [section 3(4)(b) of that Act], so **no surcharge** is added for Tax Year 2026-27.
- **Cess** — the Health and Education Cess at **4%** is added [section 3(6) of the Finance Act, 2026]. The effective rate is therefore **62.4%**.
- **No set off of old losses** — brought forward losses of years before the block period, and unabsorbed depreciation, may not be set off against the undisclosed income [section 293(8)]; they are carried forward to the year after the block period [section 293(9)].

6.5 Computation of the total undisclosed income [section 293]

What is included [293(1)]. The total undisclosed income of the block period is the aggregate of — (a) the undisclosed income **declared in the return** furnished under section 294; and (b) the undisclosed income **determined by the Assessing Officer** under sub-section (4).

What is excluded [293(2)]. The following are **not** included —

Clause	Income excluded
(a)	Total income already determined or assessed — under section 270(1) or (10), 271, 279 or 294(1)(c), or the corresponding sections of the Act of 1961 — before the date of the search , for any tax year in the block period
(b)	Total income declared in a return under section 263 (or section 139 of the Act of 1961), or in response to a notice under section 268(1), before the date of the search, and not covered by clause (a)

Clause	Income excluded
(c)	Income computed by the assessee on the basis of entries recorded in the books and documents maintained in the normal course — (i) for a tax year that has ended but whose due date for the return had not expired before the search; (ii) for the period from 1 April of the year of the search to the day before the search; and (iii) for the period from the search to the execution of the last authorisation
(d)	Income referred to in section 207(8), 216 or 393(1) (Table: Sl. No. 8(iii)), and the corresponding sections of the Act of 1961

Where the Assessing Officer is of the opinion that any part of the income computed by the assessee under clause (c) is in fact undisclosed, he may **recompute** it [293(3)].

On what basis it is computed [293(4)]. The undisclosed income is computed on the basis of — (a) **evidence found as a result of the search**, survey or requisition; and (b) **any other material or information** available with the Assessing Officer or coming to his notice during the block proceedings.

- **293(5)** — income relating to an **international or specified domestic transaction** of the broken period is kept out of the block and assessed under the ordinary provisions.
- **293(6)(a)** — for a **firm**, the undisclosed income is determined **before** allowing salary, interest, commission, bonus or remuneration to a partner who is **not a working partner**.
- **293(6)(b)** — sections **102, 103, 104 and 105** (cash credits, unexplained investments, unexplained money and assets, and unexplained expenditure) apply, each year of the block period being read as the relevant tax year. An unexplained credit or asset found in the search is therefore undisclosed income of the block.
- **293(6)(c)** — the transfer pricing provisions of section 166 apply in the same way.

6.6 The procedure [section 294]

Step	What the section requires
Approval [294(3)]	Before issuing the notice, the Assessing Officer takes the prior approval of the Additional Commissioner, Additional Director, Joint Commissioner or Joint Director
Notice [294(1)(a)]	A notice requiring the person to furnish, within the period specified — not exceeding sixty days — a return of his undisclosed income for the block period , in the prescribed form (Form ITR-BN, Rule 180) and verified in the prescribed manner
Status of the return [294(1)(a)(i) to (iv)]	(i) It is treated as a return under section 263, and a notice under section 270(8) then follows; (ii) a return furnished beyond the period allowed is not a return under section 263; (iii) no notice under section 280 is required; (iv) no revised return may be furnished
Thirty more days [294(1)(a)(v)]	The time may be extended by thirty days where — the due date of the return for the year preceding the year of the search had not expired before the search; the assessee was liable to audit under section 63 for that year; the accounts had not been audited on the date of the notice; and he asks in writing for the extension to get them audited
Determination [294(1)(b)]	The Assessing Officer determines the total undisclosed income in the manner laid down in section 293 , the provisions of sections 268, 270(8), 270(10), 271, 276, 277 and 278 applying so far as may be
Order [294(1)(c)]	He passes an order of assessment or reassessment and determines the tax payable; the Dispute Resolution Panel under section 275 does not apply
Seized assets [294(1)(d)]	Dealt with as per section 250
No processing [294(2)]	Section 270(1) — the processing of a return — does not apply to the return of undisclosed income

6.7 The other person, the time limit, interest and penalty [sections 295 to 299]

Section	What it provides
295 as amended	Where undisclosed income belongs to a person other than the person searched, the material is handed over to the Assessing Officer of that other person, who proceeds under section 294. The Finance Act, 2026 inserted clauses (c) and (d) in section 295(2) — where the other person's undisclosed income relates only to the year before the search and the broken period, his block period is only that year and the broken period ; where it relates to a single year out of the five before that, his block period is that single year
296(1) as substituted	The order under section 294 shall be passed within eighteen months from the end of the quarter in which the search was initiated or the requisition made
297	No interest under section 423, 424 or 425, and no penalty under section 439, on the undisclosed income of the block period
298(1)	Where the return of undisclosed income is not furnished within the time, or at all — simple interest at 1.5% for every month or part of a month on the tax on the undisclosed income determined, from the expiry of the time allowed to the completion of the assessment
298(2) to (4)	A penalty of 50% of the tax on the undisclosed income determined by the Assessing Officer. No penalty (nor any under sections 444(1), 450, 451 or 453) where the person has furnished the return, paid the tax on it (or offered the seized money for adjustment), furnished evidence of payment with the return, and filed no appeal against the part of the income shown in the return — except on the excess of the income determined over the income returned
299	The order is passed by an Assessing Officer not below the rank of Deputy or Assistant Commissioner or Director, with the previous approval of the Additional or Joint Commissioner or Director

6.8 Illustrations

ILLUSTRATION 6.1 — THE BLOCK PERIOD

A search under section 247 was initiated at the premises of Shri Varun on **8 December 2026**. The last panchnama was drawn on **11 December 2026**. *What is his block period, and what happens to the scrutiny assessment of Tax Year 2024-25 that is pending?*

The tax year of the search is 2026-27. The block period is — (i) the **six tax years preceding it**, that is **2020-21 to 2025-26**; and (ii) the broken period from **1 April 2026 to 11 December 2026**, the last of the authorisations being deemed executed on the conclusion of the search recorded in the last panchnama [section 301(a) and (d)]. The pending scrutiny for Tax Year 2024-25 **abates on 8 December 2026** [section 292(2)(a)]. His income for the rest of Tax Year 2026-27, other than undisclosed income, is assessed separately [section 292(6)]. The block order must be passed within eighteen months from the end of the quarter ended 31 December 2026, that is by **30 June 2028** [section 296(1)].

ILLUSTRATION 6.2 — THE TAX ON THE BLOCK

On the search of Shri Varun the following were found and remained unexplained — cash ₹18,00,000; jewellery ₹22,00,000; and a diary of unrecorded sales of ₹35,00,000 relating to Tax Years 2022-23 to 2025-26. In his return of undisclosed income furnished within the time allowed he declared ₹40,00,000 and paid the tax on it. The Assessing Officer determined the total undisclosed income at ₹75,00,000. His returns for the six years, filed before the search, had disclosed ₹62,00,000 in all. *Compute the tax and state the penalty.*

Particulars	₹
Undisclosed income declared in the return under section 294 [293(1)(a)]	40,00,000
Add: further undisclosed income determined by the Assessing Officer [293(1)(b)]	35,00,000
Total undisclosed income of the block period	75,00,000
Tax at 60% [section 192(1)]	45,00,000
Surcharge [section 192(2)] — none specified for Tax Year 2026-27	Nil
Add: Health and Education Cess at 4%	1,80,000

Particulars	₹
Tax payable on the block	46,80,000

The income of ₹62,00,000 already returned before the search is **excluded** [section 293(2)(b)]. No interest under sections 423 to 425 and no penalty under section 439 is levied [section 297]. As the return was furnished, the tax on it paid and evidence furnished, **no penalty** arises on the ₹40,00,000 declared, provided no appeal is filed against it; a penalty of **50% of the tax** may be levied on the **excess of ₹35,00,000** — 50% of (₹35,00,000 × 60%) = **₹10,50,000** [section 298(2) to (4)].

Advocate Dr. S. B. Rathore

Practical Problems with Solutions

Seven problems in the form in which the University of Delhi has set them.

PROBLEM 1 — WHICH OF THESE OPENS A BLOCK ASSESSMENT?

State, with reasons, whether a block assessment under sections 292 to 294 follows in each case.

Facts	Answer
(a) A search under section 247 at the residence of Smt. Neha on 5 February 2027	Yes. A search initiated on or after the commencement of the Act opens a block assessment [section 292(1)]
(b) Books and cash of Shri Om seized by the police and taken over by requisition under section 248	Yes. A requisition is the other event named in section 292(1); the last authorisation is executed on actual receipt of the books and assets [section 301(d)(ii)]
(c) A survey under section 253 at the shop of Shri Ravi, revealing excess stock of ₹12,00,000	No. A survey does not open a block assessment. The excess stock is assessed in the ordinary assessment, or is “information” for a reopening under section 280
(d) A notice under section 252(1)(a) to a bank for the accounts of Shri Mohan	No. A call for information is neither a search nor a requisition

PROBLEM 2 — COMPUTING THE BLOCK

A search was initiated on Rohini Traders, a firm, on 20 September 2026; the last panchnama was drawn on 24 September 2026. The firm's books maintained in the normal course for 1 April 2026 to 19 September 2026 showed a profit of ₹14,00,000. In the search were found — unaccounted cash of ₹26,00,000; investment in land of ₹48,00,000 recorded in the books at ₹30,00,000; and loose sheets showing unrecorded sales profit of ₹9,00,000 for Tax Year 2023-24. The firm furnished no return of undisclosed income. *Compute the total undisclosed income and the tax, and state the consequences.*

Particulars	₹
Unaccounted cash [section 293(4)(a) with section 104]	26,00,000
Investment recorded at less than its amount — the excess [section 293(4)(a) with section 103]	18,00,000
Unrecorded sales profit for Tax Year 2023-24	9,00,000
Total undisclosed income of the block period	53,00,000
Tax at 60% [section 192]	31,80,000
Add: Health and Education Cess at 4%	1,27,200
Tax payable	33,07,200

The profit of ₹14,00,000 for 1 April to 19 September 2026, being computed from the books maintained in the normal course, is **excluded** [section 293(2)(c)(ii)] and is assessed in the ordinary course for Tax Year 2026-27 [section 292(6)]. Being a firm, its undisclosed income is determined before allowing any salary, interest, commission, bonus or remuneration to a partner who is not a working partner [section 293(6)(a)].

*Consequences — the firm having furnished no return, it pays simple interest at **1.5% a month** on ₹31,80,000 from the expiry of the time allowed in the notice to the completion of the assessment [section 298(1)]; and it may be charged a penalty of **50% of the tax**, ₹15,90,000 [section 298(2)], the protection of section 298(3) not being available. Interest under sections 423 to 425 and penalty under section 439 do not apply [section 297].*

PROBLEM 3 — THE NOTICE, THE RETURN AND THE TIME

After a search initiated and concluded on 15 January 2027, Shri Arjun received a notice under section 294(1)(a) on 1 March 2027 requiring a return of undisclosed income within 60 days. His accounts for Tax Year 2025-26, liable to audit

under section 63, had not been audited, the due date being 31 October 2026. (a) Can he get more time? (b) If he furnishes the return 20 days late, what follows? (c) May he revise it? (d) By when must the order be passed?

- **(a) No.** The extension of thirty days in section 294(1)(a)(v) is available only where the due date for the return of the year preceding the year of the search had **not expired before the search**. The due date of 31 October 2026 had expired before 15 January 2027.
- **(b)** A return furnished beyond the period allowed is **not deemed to be a return** under section 263 [section 294(1)(a)(ii)]. Interest at 1.5% a month runs under section 298(1), and the protection from penalty in section 298(3) is lost.
- **(c) No.** A person who has furnished a return under section 294(1)(a) is not entitled to furnish a revised return [section 294(1)(a)(iv)].
- **(d)** Within **eighteen months from the end of the quarter** in which the search was initiated [section 296(1)] — the quarter ending 31 March 2027, so by **30 September 2028**, subject to the exclusions in section 296.

PROBLEM 4 — WHAT MAY BE SEIZED, AND WHAT MAY NOT

During a search at the premises of Hind Jewellers the authorised officer finds — (a) gold ornaments held as **stock-in-trade** worth ₹1.8 crore; (b) gold ornaments belonging to the proprietor's family worth ₹40,00,000, not recorded anywhere; (c) cash of ₹22,00,000; (d) a laptop, the password to which the proprietor refuses to disclose; and (e) a heavy safe embedded in the wall which cannot be removed. *Advise the officer.*

Item	Answer
(a)	Cannot be seized. Section 247(1)(vii) excludes stock-in-trade of the business . He may only make a note or inventory of it under section 247(1)(vi)
(b)	May be seized — it is not stock-in-trade. Being unexplained, it is undisclosed income of the block period [sections 293(6)(b) and 104]
(c)	May be seized; “asset” includes money
(d)	He may require the proprietor to provide the access code [section 247(1)(ii)] and, if it is not given, may override the access code [section 247(1)(iii)]. Refusal to afford the facility is an offence under section 474 — simple imprisonment up to six months, or fine, or both
(e)	Physical possession being impracticable by reason of its weight and physical characteristics , he may serve an order under section 247(4)(a) not to deal with it — and that is deemed to be a seizure . Contravention of the order is an offence under section 473

PROBLEM 5 — THE SURVEY THAT WENT TOO FAR

During a survey at the business premises of Indus Fabrics at 11 a.m., the income-tax authority — (i) verified the stock and prepared an inventory; (ii) recorded the proprietor's statement on oath; (iii) impounded the ledgers, recording his reasons, and retained them for forty days without any approval; (iv) took away cash of ₹9,00,000 found in the till; and (v) proceeded at 8 p.m. to the proprietor's residence and searched it. *Comment on each act.*

Act	Comment
(i)	Valid — section 253(5)(d) permits an inventory of any asset or stock checked or verified
(ii)	Valid — section 253(5)(b)
(iii)	Invalid beyond fifteen days. Section 253(5)(c) permits retention for fifteen days exclusive of holidays , and beyond that only with the prior approval of the approving authority
(iv)	Wholly invalid. Section 253(7) provides that the authority shall on no account remove any asset or stock from the place. Cash may be inventoried; it may never be taken
(v)	Wholly invalid on two counts. A survey may be conducted only at a place of business [section 253(1)], and any other place only after sunrise and before sunset [section 253(3)]. A residence may be entered only under a search authorised under section 247

PROBLEM 6 — RELEASE OF SEIZED ASSETS

A search at the premises of Shri Jatin was concluded, the last authorisation being executed on **18 January 2027**. Cash of ₹30,00,000 and jewellery worth ₹45,00,000 were seized. On **26 February 2027** he applied for release of the jewellery, explaining its source. *Advise.*

- The application is **in time**. Section 250(2) requires it to be made **within thirty days from the end of the month in which the asset was seized** — the seizure being in January 2027, the last date is **2 March 2027**.
- The Assessing Officer may release the jewellery if he is satisfied that the **nature and source of acquisition is explained**, after **recovering any existing liability** out of it, and with the **prior approval** of the Principal

Chief Commissioner, Chief Commissioner, Principal Commissioner or Commissioner.

- The release must be effected **within one hundred and twenty days from 18 January 2027** — that is, by **18 May 2027** [section 250(3)].
- The **cash** may be applied directly by the Assessing Officer in discharge of the liabilities in section 250(1), and Shri Jatin is discharged to that extent [section 250(4)].

PROBLEM 7 — THE PRESUMPTIONS

During a search at the office of Kamal & Co., a diary was found in the possession of the manager recording unaccounted sales of ₹62,00,000 in what appears to be the proprietor's handwriting. The proprietor denies that the diary is his and denies the correctness of the entries. *What is the position?*

Section 247(7) permits the Assessing Officer to **presume** — (a) that the diary **belongs to** the person in whose possession it was found; (b) that its **contents are true**; and (c) that the **handwriting** is that of the person it purports to be.

But the word in the section is “**may be presumed**”, not “shall”. The presumptions are **rebuttable**, and the burden of rebutting them lies on the assessee. A bare denial will not discharge it; he must produce material — a handwriting comparison, evidence that the manager maintained the diary for his own purposes, or reconciliation of the entries with recorded transactions.

If the presumptions stand, the ₹62,00,000 is undisclosed income of the block period, assessed under section 292, and the material is also “information” founding a reopening under section 280(6) for any year outside the block.

Revision, Ready Reckoner and Question Bank

Everything in this Part reduced to tables that can be revised in an hour.

8.1 Old section to new section

Subject	Income-tax Act, 1961	Income-tax Act, 2025
Search and seizure	132	247
Power to requisition	132A	248
Reasons not to be disclosed	132(1) proviso / 132(8A)	249
Application of seized assets	132B	250
Retention and release of seized material	132(8) to (10)	251
Power to call for information	133	252
Power of survey	133A	253
Power to collect certain information	133B	254
Block assessment on search	158BA / 153A	292
Computation of undisclosed income of the block period	158BB	293
Procedure for block assessment	158BC	294
Undisclosed income of any other person	158BD / 153C	295
Time limit for completion	158BE	296
Rate of tax on the block — 60%	113	192
Contravention of a search order	275A	473 (Part A)
Failure to afford facility for inspection	275B	474 (Part A)

8.2 Objective questions

A. State whether True or False, with reasons

1. A survey under section 253 opens a block assessment.

False. Only a search under section 247 or a requisition under section 248 does [section 292(1)].

2. The block period consists of the six tax years preceding the year of the search.

False. It also includes the broken period from 1 April of the year of the search to the execution of the last of the authorisations [section 301(a)].

3. The undisclosed income of the block period is taxed at the slab rates of each year.

False. It is taxed at a flat 60% under section 192, irrespective of the year to which it relates [section 292(7)].

4. A return of undisclosed income furnished late is still a valid return under section 263.

False. Section 294(1)(a)(ii) provides that it shall not be deemed to be a return under section 263.

5. Interest under section 424 is levied on the tax on undisclosed income of the block period.

False. Section 297 excludes interest under sections 423, 424 and 425 and penalty under section 439.

6. Brought forward losses may be set off against undisclosed income of the block period.

False. Section 293(8) forbids it; they are carried forward to the year after the block period [section 293(9)].

7. A search may be authorised on suspicion.

False. Section 247(1) requires **information in possession** giving rise to a **reason to believe** in one of the two specified grounds.

8. Stock-in-trade found in a search may be seized.

False. Section 247(1)(vii) expressly excludes it; it may only be inventoried.

9. The presumptions in section 247(7) are conclusive.

False. The section says “**may be presumed**”; they are rebuttable.

10. An income-tax authority may impound cash during a survey.

False. Section 253(7) forbids the removal of any asset or stock. Only books, documents and computer systems may be impounded, under section 253(5)(c).

11. An authority acting under section 254 may take away the books of account.

False. Section 254(3) forbids the removal of any books, documents, cash, stock or other valuable article.

12. A notice under section 252 may be issued to a bank only if a proceeding is pending.

False. It may be issued where no proceeding is pending, but an authority below the specified rank then needs prior approval [section 252(3)(a)].

B. Multiple choice

1. The total undisclosed income of the block period is charged to tax under —

(a) section 195 (b) **section 192** (c) section 293 (d) section 113 Answer: (b)

2. The rate of tax on the block is —

(a) 30% (b) 40% (c) **60%** (d) 78% Answer: (c), section 192(1)

3. The period allowed in the notice for the return of undisclosed income shall not exceed —

(a) 30 days (b) **60 days** (c) 90 days (d) 120 days Answer: (b), section 294(1)(a)

4. Interest for failure to furnish the return of undisclosed income is —

(a) 1% a month (b) **1.5% a month** (c) 2% a month (d) 3% Answer: (b), section 298(1)

5. The penalty under section 298(2) is —

(a) **50% of the tax** (b) 100% of the tax (c) 200% of the tax (d) equal to the income Answer: (a)

6. The block assessment order must be passed within —

(a) 12 months (b) **18 months from the end of the quarter in which the search was initiated** (c) 24 months (d) 3 years Answer: (b), section 296(1)

7. A search is authorised under —

(a) section 132 (b) **section 247** (c) section 248 (d) section 253 Answer: (b)

8. A restraint order under section 247(4)(b) remains in force for not more than —

(a) 30 days (b) **60 days** (c) 90 days (d) 180 days Answer: (b)

9. Seized assets must be released within —

(a) 60 days (b) 90 days (c) **120 days from the execution of the last authorisation** (d) 180 days Answer: (c), section 250(3)

10. Books impounded in a survey may be retained without approval for —

(a) 7 days (b) **15 days exclusive of holidays** (c) 30 days (d) 60 days Answer: (b), section 253(5)(c)

11. The penalty for failure to comply with section 254 is —

(a) ₹1,000 (b) ₹10,000 (c) **₹25,000** (d) ₹1,00,000 Answer: (c), section 466

12. Information on payments of rent, interest or commission exceeding ₹10,000 may be called for from an assessee under —

(a) section 252(1)(a) (b) section 252(1)(b) (c) **section 252(1)(e)** (d) section 254 Answer: (c)

8.3 Fill in the blanks

1. The total undisclosed income of the block period is chargeable to tax at __% under section 192. — *60*
2. The block period includes the __ tax years preceding the tax year of the search. — *six* [section 301(a)]
3. Pending assessments for the years in the block period __ on the date of the search. — *abate* [section 292(2)(a)]
4. The notice for the return of undisclosed income may allow not more than __ days. — *sixty* [section 294(1)(a)]
5. Before issuing that notice the Assessing Officer must take the prior approval of the Additional or __ Commissioner. — *Joint* [section 294(3)]
6. A search may not result in the seizure of __. — *stock-in-trade* [section 247(1)(vii)]
7. Seized assets must be released within __ days from the execution of the last of the authorisations. — *one hundred and twenty* [section 250(3)]
8. In a survey an authority shall on no account __ any asset or stock from the place. — *remove* [section 253(7)]
9. Under section 254 an authority may enter a place of business only during the __ at which it is open for business. — *hours* [section 254(2)]
10. The reason to believe recorded under section 247 shall not be disclosed to any person, authority or the __. — *Appellate Tribunal* [section 249]

8.4 Short answer questions

1. Define “block period” and “undisclosed income” for the purposes of a block assessment.
2. What is meant by abatement of pending assessments on a search? When do they revive?
3. State the rate of tax under section 192 and the other consequences of a block assessment.
4. What incomes are excluded from the total undisclosed income of the block period under section 293(2)?
5. State the conditions for the extension of thirty days for furnishing the return under section 294(1)(a)(v).
6. State the two grounds on which a search may be authorised under section 247.
7. Enumerate the powers of an authorised officer during a search.
8. Explain the provisions relating to the application and release of seized assets.
9. Explain the power to call for information under section 252.
10. Distinguish between a survey under section 253 and the power to collect information under section 254.

8.5 Long answer questions

1. Explain the provisions relating to the assessment of total undisclosed income as a result of search under sections 292 to 294, and the rate at which it is charged under section 192.
2. How is the total undisclosed income of the block period computed under section 293? What incomes are included and what excluded?
3. Describe the procedure for block assessment under section 294, and the interest and penalty provided by sections 297 and 298.
4. Describe the powers of an authorised officer in the course of a search under section 247, and the safeguards which the section provides.
5. Explain the provisions relating to requisition under section 248 and to the application, retention and release of seized or requisitioned assets under sections 250 and 251.
6. Describe the power of survey under section 253, and distinguish it from the power to collect certain information under section 254 and the power to call for information under section 252.
7. Compare and contrast a search under section 247 with a survey under section 253, and state why only the former leads to a block assessment.

8. In a search on 10 January 2027 an assessee is found with unexplained cash of ₹20,00,000 and jewellery of ₹30,00,000. He furnishes no return of undisclosed income. Compute the tax on the block, and state the interest, penalty and prosecution he faces. (*Frame the answer on the lines of Problem 2 in Chapter 7.*)

End of Unit 4. Parts A and B together cover penalties and prosecutions; the provisions relating to undisclosed income and investment; and search, seizure and survey.

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