DIRECTORATE OF DISTANCE EDUCATION
NALSAR UNIVERSITY OF LAW, HYDERABAD

Advanced Diploma in Corporate Taxation

Academic Year: 2023-2024
Annual Examination (May, 2024)

Paper IV – 1.4 Assessment Procedure, Appeals and Revisions, Offences and Penalties
(Batch:2023-2024)

Duration of the Examination: 3 hours **TOTAL MARKS: 100**

INSTRUCTIONS TO CANDIDATES

a) **Read the instructions carefully and adhere to the same.**
b) **Please mention your DDE ID No., date of the exam, name of the programme & subject on the Answer Sheet and the Additional Answer Sheets, if any.**
c) **The questions to be interpreted as given and no clarification can be sought from the Invigilator.**
d) **Clearly indicate the question numbers while answering them. Answers without question numbers / wrong question numbers will not be evaluated.**
e) **Write the answers clearly and neatly. Answers in illegible handwriting will not be taken into consideration.**
f) **Candidates are prohibited to carry phones or any other electronic devices, books, material etc. in the Examination Hall.**
g) **Copying is strictly prohibited and is considered as a serious academic mis-conduct and the University will take action as it deems fit.**

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1) M/s Capital Star Limited was subjected to a search operation on 15.01.2023, the search party entered the office at early Sunday morning 5.30 am authorized by the Joint Commissioner of Income-tax with jurisdiction over the assessee, based on information in his possession. During the search on 16.01.2023 under Section 132 of the Income Tax Act, cash amounting to Rs. 25 lacs were seized. The search concluded on 18.01.2023 by recording the statement of the director of the company. Following this, the assessee applied for release of the seized cash on 31.03.2023, providing explanations on its sources, but this was rejected by the department.

Subsequently, with the prior approval of the Additional Commissioner of Income Tax (ACIT), the Assessing Officer issued notices for the six preceding Assessment Years prior to the Assessment Year relevant to the previous year 2022-23. The notices covered the Assessment Years from 2017-18 to 2023-24. The Assessing Officer requested the assessee to file the Income Tax Return for the relevant Assessment Years. Additionally, the assessee wishes to file a revised return for AY 2023-24 i.e the current year of search. The assessee filed the return under section 148 of the Act.

Despite issuance of a notice under Section 143(2) of the Act, the Assessee company did not comply. Several notices under Section 142(1) of the Act were also issued, which remained unanswered. The assessment then was passed on the data available on record. The Ld. AO frame the assessment under section 144B r.w.s 143(3) of the

Act for AY 2023-24 dated 04.05.2024. for the remaining year, the assessing officer passed an order under section 147 of the Act. The Notice of Demand was not served by the Ld. AO while issuing the assessment order. The Ld. AO further issues a non compliance of notice penalty show cause under section 272A of the Act for each notice including 143(2) of the Act.

The Assessee come to know about the assessment order and wants to file an appeal. You being a consultant, advice the company on the following issues:

a) Analyze the authorization process and criteria for conducting a search under Section 132 of the Income Tax Act. Explain the consequences and implications of a search operation on the assessee? **(5 marks)**

b) Whether the rejection of the application by the department for release of the seized cash was valid? Discuss the reasons and the subsequent steps available to the assessee for recourse? **(5 marks)**

c) Assess the validity and implications of the notices issued by the Assessing Officer for the preceding six Assessment Years. Discuss the authority of the Assessing Officer to issue notices for the 6 specified years and the relevant provisions under the Income Tax Act governing such actions. Evaluate the legal obligations of the assessee in responding to these notices? Is the Notice for 6 Years is valid? **(10 Marks)**

d) Analyze the consequences of non-compliance with notices under Section 143(2) and Section 142(1) of the Income Tax Act by M/s Capital Star Limited. Explain the repercussions faced by the assessee for non-compliance with statutory notices issued by the Assessing Officer. Discuss the penalties and legal actions that may ensue due to such non-compliance. **(10 Marks)**

2) Answer the following questions :

a) If the CIT(Appeal) decides the case in favour of the assessee, can the matter still go to the ITAT? In case the assessee is also aggrieved by some grounds in the order of CIT(Appeal), what remedies are available with the assessee, where the department has already filed an appeal in the same case? Discuss the procedures and the remedy available with the assessee in such a case. **(15 marks)**

b) Can ITAT Suo Moto rectify orders passed by them? Discuss the time limit and provision of section with relevant case law? **(10 marks)**

c) Can a High Court interfere with the factual finding recorded by the lower authorities and the Tribunal? **(10 Marks)**

3) If the assessee is in appeal before CIT(Appeal) against the order of the AO. Can the same order be also sought to be revised by Pr. CIT u/s 263 of the Act? Can the grounds challenged by the assessee before CIT(Appeal) also be taken up for revision u/s 263 of the Act? **(20 marks)**

4) List out FIVE differences in revision proceedings u/s 263 and u/s 264 of the Act. **(15 marks)**

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