

**Government of India  
Ministry of Finance  
Department of Revenue (CBDT)**

Instruction No. 4/...../2016

To  
North-Block, New Delhi the 13<sup>th</sup> of July, 2016  
All Pr. Chief-Commissioners of Income-tax/Chief-Commissioners of Income-tax  
All Pr. Directors-General of Income-tax/Directors-General of Income-tax

Sir/Madam

**Subject: Compulsory manual selection of cases for scrutiny during the Financial Year 2016-2017-  
regd:-**

**1.** In supersession of earlier Instructions on the above subject, the Board hereby lays down the following procedure and criteria for manual selection of returns/cases for compulsory scrutiny during the financial-year 2016-2017:-

(i) Cases involving addition on a substantial and recurring question of law or fact in earlier assessment year(s), in excess of Rs. 25 lakhs in metro charges at Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata, Mumbai and Pune, while for other charges, quantum of such addition should exceed Rs. 10 lakhs (for transfer pricing cases, quantum of such addition should exceed Rs. 10 crore) and where:

- a. such an addition in assessment has become final as no further appeal was/has been filed; or
- b. such an addition has been confirmed at any stage of appellate process in favour of revenue and assessee has not filed further appeal; or
- c. such an addition has been confirmed at 1<sup>st</sup> appeal stage in favour of revenue or subsequently and further appeal of assessee is pending before any Authority in the appellate process.

(ii) All assessments pertaining to Survey under section 133A of the Act excluding those cases where books of accounts, documents etc. were not impounded and returned income (excluding any disclosure made during the Survey) is not less than returned income of preceding assessment year. However, where assessee retracts the disclosure made during the Survey, such cases will not be covered by this exclusion.

(iii) Assessments in search and seizure cases to be made under section(s) 158B, 158BC, 158BD, 153A & 153C read with section 143(3) of the Act and also for the returns filed for the assessment year relevant to the previous year in which authorization for search and seizure was executed u/s 132 or 132A of the Act.

(iv) Return filed in response to notice under section 148 of the Act.

(v) Cases where registration u/s 12AA of the IT Act has not been granted or has been cancelled by the CIT/DIT concerned, yet the assessee has been found to be claiming tax-exemption under section 11 of the Act. However, where such orders of the CIT/DIT have been reversed/set-aside in appellate proceedings, those cases will not be selected under this clause.

(vi) Cases of entities, being 'scientific research association' or 'university, college or other institution', having approval under section(s) 35(1)(ii)/35(1)(iii) of the Act.

(vii) Cases in respect of which specific and verifiable information pointing out tax-evasion is given by any Government Department/Authority. However, before selecting a case for scrutiny under this criterion, Assessing Officer shall be required to take prior administrative approval from the concerned jurisdictional Pr. CIT/Pr.DIT/CIT.

**2.** Computer Aided Scrutiny Selection (CASS): Cases are also being selected under CASS-2016 on the basis of broad based selection filters. List of such cases has been/is being separately intimated by the Pr.DGIT(Systems) to the jurisdictional authorities concerned.

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3. As a taxpayer friendly measure, to reduce the departmental interface with the assessee and reduce the compliance burden of tax payers in scrutiny assessment proceedings, the scheme of Assessment through e-mail is being extended to all scrutiny cases including the cases selected under above parameters in seven cities of Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata and Mumbai. However, assesseees in these seven cities can exercise the option of not being scrutinized under the e-mail based paperless assessment proceedings after informing the Assessing Officer concerned in writing in the beginning or subsequently during the course of assessment proceedings. Further, in cases which require submission of voluminous documents and it is not practicable to submit the scanned copies thereof through e-mail, in such instances; the Assessing Officer may decide to receive such documents in physical form after recording reasons for the same.

4. It is reiterated that the targets for completion of scrutiny assessments and strategy of framing quality assessments as contained in Central Action Plan document for Financial-Year 2016-2017 have to be complied with and it must be ensured that all scrutiny assessment orders including the cases selected under the manual criterion are completed through the AST system software only. It should be the endeavour of the Assessing Officers and his supervisory authorities to ensure that scrutiny assessment cases are disposed in a well planned manner without dragging the assessment proceedings till the last date of limitation. Further, Pr. CCsIT/CCIT(Central)/Pr. CCIT(International tax)/CCIT(Exemption)/DsGIT should evolve a suitable monitoring mechanism in their respective charges in order to ensure quality of assessments being framed during the financial year. In this regard, by 31<sup>st</sup> January, 2017, such authorities shall send a report to the respective Zonal Member with a copy to Member (IT) containing details of at least 25 quality assessment orders from their respective charges. It may further be the endeavour that cases selected for publication in 'Let us Share' are picked up only from the quality assessments as reported.

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

6. Hindi version to follow.



(Rohit Garg)  
Deputy-Secretary to the Government of India

**F.No. 225/176/2016/ITA.II**

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1. PS to FM/OSD to FM/PS to MoS (R)/OSD to MoS(R)
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3. Chairman, CBDT & All Members, CBDT
4. All Joint Secretaries/CsIT, CBDT
5. Directors/Deputy Secretaries/Under Secretaries of CBDT
6. ADG(PR,PP&OL) with request to place on departmental twitter handle
7. O/o Pr. DGIT(Systems) with request to upload the Instruction on departmental website
8. ITCC Division, CBDT (3 copies)
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(Rohit Garg)  
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