

INCOME TAX NOTICE
CHECKLIST



Income Tax Notice

The Income Tax Department sends notices for various reasons, such as not filing the income tax returns, any defect while filing the returns, or other instances where the tax department requires additional documents or information. Nothing is frightening or alarming about the notice that is received. However, the taxpayer first has to understand the notice, the nature of the notice, and the requestor's order in the notice, and then take steps to comply.

IndiaFilings offers a comprehensive suite of services to help families and businesses maintain compliance. If an income tax notice is received, contact the Tax Expert at IndiaFilings to understand the income tax notice and determine a course of action.

What is an Income tax Notice?

As mentioned above, An income tax department notice is a formal communication issued by the Income Tax Department to a taxpayer. It can relate to various aspects of income tax filing and compliance, such as requests for additional information, clarification of discrepancies in a tax return, audits, tax payment demands, or refund notifications. The income tax department notice specifies the details of what the department requires from the taxpayer, ranging from submitting specific documents to explaining income or deductions claimed.

Reason for Income Tax Notice

There are several reasons why you might receive an income tax notice, including:

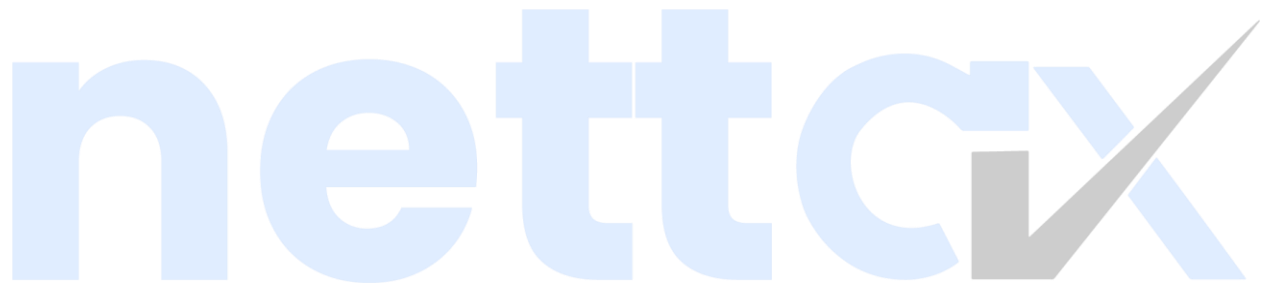
- **Discrepancies in Tax Returns:** If there's a mismatch between the income declared, deductions claimed, and the data available with the Income Tax Department, you might receive an ITR notice asking for clarification.
- **Non-Filing of Tax Returns:** If you haven't filed your income tax return by the due date, the department may send an ITR notice reminding you to file your return.
- **High-Value Transactions:** If you've made high-value transactions that don't match your reported income, the department might send a notice to explain these transactions.
- **TDS/TCS Mismatch:** You might receive a notice if there's a discrepancy between the tax deducted at source (TDS) or tax collected at source (TCS) as per your Form 26AS and the income declared in your tax return.
- **Investments/Deposits in Your Name:** If you've made significant investments or have large deposits in your name that aren't in line with your reported income, the department may inquire about the source of funds.
- **Property Transactions:** Transactions involving property, especially if the value declared is lower than the guideline value determined by the state, can trigger a notice.
- **Scrutiny of Returns:** The department randomly selects returns for scrutiny to ensure compliance. You'll receive an ITR notice for detailed documentation and explanations if your return is chosen.
- **Demand for Tax:** If the department calculates that you have unpaid taxes based on your return or any adjustments they've made, they'll issue a notice demanding the due tax.
- **Refund Claims:** If you've claimed a refund in your tax return, you might receive a notice for verification before the refund is processed.
- **Foreign Assets or Income:** Having foreign assets or income might lead to a notice if the department needs more information or if there are discrepancies in the reported details.

Types of Income Tax Notice

Type of Notice	Description
Notice u/s 143(1) – Intimation	This is one of the most commonly received income tax notices. The income tax department sends this notice seeking a response to the errors/ incorrect claims/ inconsistencies in a filed income tax return. If an individual wants to revise the return after receiving this notice, it must be done within 15 days. Otherwise, the tax return will be processed after making the necessary adjustments mentioned in the 143(1) tax notice.
Notice u/s 142(1) - Inquiry	Inquiry This ITR notice is addressed to the assessee when the return has already been filed, and further details and documents are required to complete the process. It can also be sent to require additional documents and information from a taxpayer.
Notice u/s 139(1) - Defective Return	If the income tax return filed does not contain all necessary information or contains incorrect information, an ITR notice under Section 139 (1) will be issued. If a tax notice under Section 139(1) is issued, you should rectify the defect in the return within 15 days.
Notice u/s 143(2) - Scrutiny	An income tax notice under Section 143(2) is issued if the tax officer is not satisfied with the documents and information submitted by the taxpayer. Taxpayers who receive notice under Section 142(2) have been selected for detailed scrutiny by the Income Tax department and must submit additional information.
Notice u/s 156 - Demand Notice	This type of income tax notice is issued by the Income Tax Department when the taxpayer owes any tax, interest, fine, or any other sum. All demand tax notices will stipulate the sum outstanding and due from the taxpayer.
Notice Under Section 245	If the officer believes that tax has not been paid for the previous years and wants to set off the current year's refund against that demand, a notice u/s 245 can be issued. However, the adjustment of demand and refund could be made only if the individual has been provided proper notice and an opportunity to be heard. The recipient has to respond to the notice 30 days from the day of receipt of the notice. If the individual does not respond within the specified timeline, the assessing officer can consider this as consent and proceed with the assessment. Therefore, it is advisable to respond to the notice at the earliest.

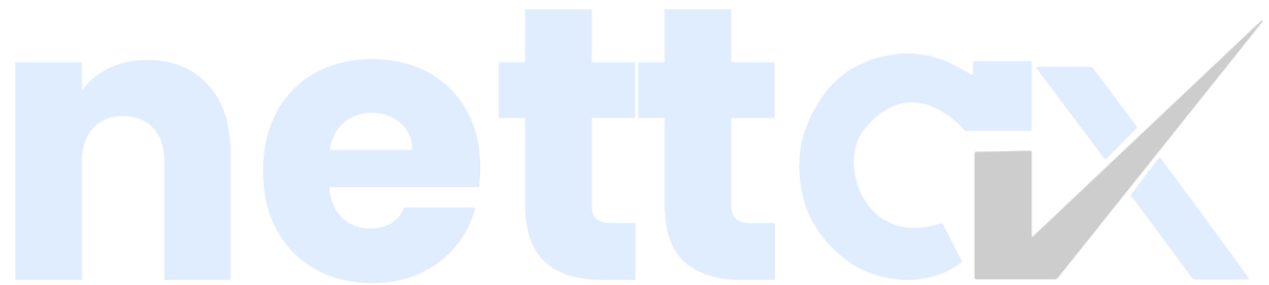
**Notice Under
Section 148**

The officer may have a reason to believe that you have not disclosed your income correctly and, therefore, have paid lower taxes. Or the individual may not have filed his return at all, even if you must have filed it as per law. This is termed as income-escaping assessment. Under these circumstances, the assessing officer can assess or reassess the income according to the case. Before making such an assessment or reassessment, the assessing officer should serve a notice to the assessee asking him to furnish his return of income. The notice issued for this purpose is issued under the provisions of Section 148.





Good Luck For Your Business



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