What to do when you get a tax notice?

Adv. Ashish Ranjan Samal *on* **07 August 2012**

A missive from the tax department sends a wave of panic in the average taxpayer even though it may just be a routine inquiry or even a clarification sought by the assessing officer (AO). The mere thought that the tax authorities have sent him a notice gives him Sleepless nights and ruins his appetite.

Since the tax department issues notices for a variety of reasons, it is not possible to suggest the course of action that the taxpayer should take.

Even so, here is a basic checklist of things to do when you get a tax notice:

Preserve envelope:
The envelope in which the notice is sent is an important piece of evidence. It will have the Speed Post number which establishes when the notice was posted and served to you.

Check your details:

It could be that the notice was meant for someone who shares your Name or date of birth. Check if it has your PAN. Go by the PAN even if there is a discrepancy in the name and address. The department issues notices according to PAN, not by name.

Make copies of the notice:

You can't afford to lose the notice so make photocopies or scan and Store it on your computer.

Check the validity:
A notice under Sec 143 (3) for scrutiny assessment has to be served within 6 months from the end of the financial year in which the return was filed. If served later than 6 months, it will be deemed invalid.

However, a notice served under Sec 148 can reopen a case even up to 6 years from the end of the relevant assessment year if the AO has reasons to suspect income escapement. If the The amount in question is less than Rs 1 lakh, only up to 4 years old returns can be reopened for scrutiny. It may be noted that the intimation under section 143 (1) cannot be treated as a Notice/Order of assessment as its a mere acknowledgement of the return filed online.

Check the sender's details:
A notice must have the name and designation of the officer, his Signature, stamp, official address and must mention the income tax ward and circle. There is a new concept of notices being sent via email, in such cases one should ensure that the notices / intimations which are received via emails contain a document identification number.

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Organized Documents :

It could be that the return has been picked up for a scrutiny at random. So don't panic and gather all the documents and other information sought by the AO.

Seek Professional Help :

If it is just a simple demand notice of excess tax, an individual can handle on his own. But if the matter is a complicated, it is best to take help from a professional. You may be required to appear before the AO to explain any discrepancy in the return or make a clarification. A professional can help you organize your response so that you can provide a cogent and specific clarification.

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