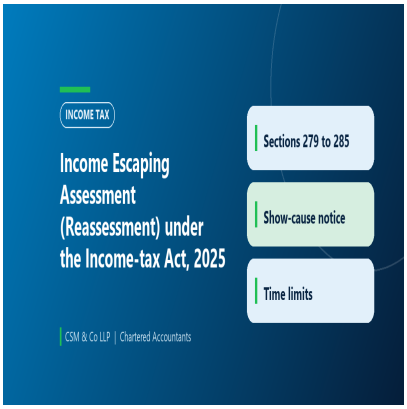


Income Escaping Assessment (Reassessment) under the Income-tax Act, 2025: Sections 279 to 285, Show-Cause Notice and Time Limits (Tax Year 2026-27)

Description

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Quick summary

- Sections 279 to 285 of the Income-tax Act, 2025 replace the old sections 147 to 153: the Assessing Officer can assess, reassess or recompute income that has escaped assessment, but only after a show-cause notice (section 281, old 148A) and an order that it is a fit case, followed by a notice under section 280 (old 148).
- Time limits: a section 280 notice cannot be issued after four years and three months from the end of the tax year, or after six years and three months where books or evidence show escaped income of ?50 lakh or more (section 282); the show-cause notice has limits of four and six years.
- The notice needs information that suggests escaped income (section 280(4), defined in 280(6)); the section 281 hearing is skipped for cases from the information-sharing scheme, Approving Panel directions and appellate findings, and approval of the Additional or Joint Commissioner (or Director) is required.
- A return in response to the notice must be furnished in the period in the notice (at least thirty days, at most three months from the end of the month of the notice after Finance Act 2026); the order must be made within one year from the end of the financial year in which the notice was served (section 286).

If the department believes income chargeable to tax has escaped assessment for an earlier year, it can reopen the year. This is called **income escaping assessment** or reassessment. In the Income-tax Act, 2025 (from 01/04/2026) the rules are in **sections 279 to 285**, with the time limit for the order in section 286. They replace the old sections 147 to 153.

The steps

Step	Section	What happens

1. Information	280(4), 280(6)	The Assessing Officer must have information suggesting that income has escaped assessment
2. Show-cause notice	281(1), (2)	Notice with the information, and a chance to reply
3. Order	281(3)	Order, with prior approval of the specified authority, on whether it is a fit case to issue a notice under section 280
4. Notice	280(1)	Notice requiring a return within the period in the notice; the order under section 281(3) is attached
5. Assessment	279	Assessment, reassessment or recomputation
6. Time limit	286	Order within one year from the end of the financial year in which the notice under section 280 was served

What counts as “information” (section 280(6))

Information that suggests income has escaped assessment means any of:

- information for the assessee and tax year as per the risk management strategy of the Board;
- an audit objection that the assessment was not made as per the Act;
- information received under a tax treaty (section 159);
- information under the scheme notified under section 260;
- information that requires action in consequence of a Tribunal or court order;
- information from a survey under section 253 (other than section 253(4));
- directions of the Approving Panel under section 274(6); or
- a finding or direction in an order in an appeal, reference or revision, or by a court in any other law.

Show-cause step (section 281)

Before issuing a notice under section 280, the Assessing Officer must serve a **show-cause notice** accompanied by the information, and the assessee can reply within the time given. After considering the reply, the Assessing Officer passes an order **with the prior approval of the specified authority** (Additional Commissioner, Additional Director, Joint Commissioner or Joint Director, section 284) on whether it is a fit case to issue a section 280 notice (section 281(3)).

The show-cause step does **not** apply where the information is from the scheme under section 260, from directions of the Approving Panel, or from a finding or direction in an appellate, revision or court order (section 281(4)). In those cases the notice under section 280 needs the prior approval of the specified authority (section 280(5)).

Time limits (section 282)

Notice	Within	Longer limit

Show-cause notice, section 281	Four years from the end of the relevant tax year	Up to six years if the escaped income is or is likely to be ?50 lakh or more, as per the information with the Assessing Officer
Notice, section 280	Four years and three months from the end of the relevant tax year	Up to six years and three months if the Assessing Officer holds books of account, documents or evidence relating to an asset, expenditure, transaction or entry showing escaped income of ?50 lakh or more

No notice under section 280 or 281 is to be issued within one year from the end of any tax year (section 282(3)).

Example. For tax year 2026-27 (ended 31/03/2027), a section 280 notice can be issued up to 30/06/2031 (four years and three months), or up to 30/06/2033 if the evidence test of ?50 lakh is met.

Appeal and court orders. A notice under section 280 can be issued at any time to give effect to a finding or direction in an order of an authority, Tribunal or court, or Approving Panel directions (section 283(1)), but not for a year that was already time-barred when the order or proceeding began (section 283(2)), and it must be issued within three months from the end of the quarter in which the certified copy of the order is received by the Principal Commissioner or Commissioner (section 283(3)).

Return in response to the notice (section 280)

The notice requires a return of income within the period it specifies, which is **at least thirty days** from the date of the notice and **not more than three months** from the end of the month in which it is issued (section 280(1)(c), as substituted by Finance Act 2026, which added the thirty days minimum). The return is on the prescribed form and treated as if furnished under section 263 (section 280(2)). A return filed **after** the period is not deemed a return under section 263 (section 280(3)).

The assessment

- The Assessing Officer can assess or reassess the escaped income, or recompute loss, depreciation or any allowance or deduction for the relevant tax year (section 279(1)). He can also assess other issues that escaped assessment and come to notice during the proceedings, even though section 281 was not followed for them (section 279(2)).
- For sections 280 and 281 the “Assessing Officer” is an officer other than the National Faceless Assessment Centre or an assessment unit (section 279(3)).
- Tax is charged at the rates at which it would have been charged had the income not escaped assessment (section 285(1)).
- Proceedings are dropped on the assessee’s claim if he has been assessed on an amount not lower than the amount for which he would be rightly liable even after including the escaped income, and has not challenged the original assessment (section 285(2)); a claim under this sub-section bars reopening matters concluded by orders under sections 287, 288, 365(10), 368 or 377 (section 285(3)).
- The order must be made within one year from the end of the financial year in which the notice was served (section 286, Table Sl. No. 4). Interest for failure to file in response to a notice is charged under section 423.

What to do on receiving a notice

1. Note the date of the show-cause notice or the section 280 notice and compare it with the limits above.

2. Reply to the show-cause notice with documents; this is the chance to stop the case before it is opened.
3. If a section 280 notice is served, file the return within the period given, even if you disagree with the reasons, and read the order under section 281(3) that comes with the notice.
4. Check that the specified authority's approval was obtained, where required.

How CSM & Co LLP can help

We reply to show-cause and reassessment notices, represent clients before the Assessing Officer and challenge notices that are out of time or lack approval. Please reach out to our team and we will be happy to assist.

Frequently asked questions

Which sections replace 147, 148 and 148A?

Section 279 (assessment, reassessment or recomputation of income that has escaped assessment, old 147), section 280 (notice, old 148), section 281 (procedure before the notice, show-cause and order, old 148A), section 282 (time limits, old 149), section 283 (assessments in consequence of appellate orders, old 150), section 284 (sanction, old 151) and section 285 (other provisions).

What is the time limit for a reassessment notice?

No notice under section 280 can be issued once four years and three months have elapsed from the end of the relevant tax year, unless the Assessing Officer has books of account, documents or evidence relating to an asset, expenditure, transaction or entry showing that the escaped income is or is likely to be ?50 lakh or more, in which case the limit is six years and three months (section 282(1)). For the show-cause notice under section 281 the limits are four years and six years (section 282(2)). No notice under section 280 or 281 is to be issued within one year from the end of any tax year (section 282(3)).

What does the assessee get before the notice is issued?

A show-cause notice with the information that suggests escaped income, a chance to reply, and then an order, with the prior approval of the specified authority, deciding whether it is a fit case for a section 280 notice. The order is sent with the notice (sections 280(1)(a) and 281).

When is the show-cause step not required?

Where the Assessing Officer has received information under the scheme notified under section 260, directions of the Approving Panel under section 274(6), or a finding or direction in an order of an authority, Tribunal or court (section 281(4)). In these cases the notice under section 280 needs the prior approval of the specified authority (section 280(5)) and can be issued at any time for giving effect to appellate findings (section 283), within three months from the end of the quarter in which the order is received.

How long do I have to file the return in response to the notice?

The period in the notice, which must be at least thirty days from the date of the notice and not more than three months from the end of the month in which the notice is issued (section 280(1)(c), as substituted by Finance Act 2026). A return filed after that period is not treated as a return under section 263 (section 280(3)).

Can the proceedings be dropped?

Yes, on the assessee's claim and showing that he has been assessed on an amount not lower than what he would be rightly liable for even if the escaped income had been taken into account, and that he has not challenged any part of the original assessment order in appeal or revision (section 285(2)).

Official sources

- Income Tax Department: Income-tax Act, 2025 (sections 279 to 286)

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