

Special Audit under Income Tax

Bare Act Summary

The provisions of Section 142(2A) of the Income Tax Act, 1961 provides as under:

(2A) If, at any stage of the proceedings before him, the Assessing Officer, having regard to the nature and complexity of the accounts, volume of the accounts, doubts about the correctness of the accounts, multiplicity of transactions in the accounts or specialised nature of business activity of the assessee, and the interests of the revenue, is of the opinion that it is necessary so to do, he may, with the previous approval of

- the [Principal Chief Commissioner]
- or Chief Commissioner
- or [Principal Commissioner or] Commissioner],

direct the assessee to get the accounts audited by an accountant, as defined in the Explanation below sub-section (2) of section 288, nominated by the [Principal Chief Commissioner or] Chief Commissioner or [Principal Commissioner or] Commissioner] in this behalf and to furnish a report of such audit in the prescribed form duly signed and verified by such accountant and setting forth such particulars as may be prescribed and such other particulars as the [Assessing] Officer may require:

[Provided that the Assessing Officer shall not direct the assessee to get the accounts so audited unless the assessee has been given a reasonable opportunity of being heard]

Initiation of Special Audit

A bare perusal of the provision will show that it provides for certain conditional requirements for Special Audit, which are as follows:

1. Nature and complexity of accounts
2. Volume of the accounts
3. Doubts about correctness
4. Multiplicity of transactions
5. Specialized nature of business
6. Interest of Revenue

The objective behind enacting the said provision is to assist the Assessing Officer in framing the assessment when he finds the accounts of the assessee to be complex, and to protect the interests of the revenue. However, these provisions cannot be initiated by the Assessing Officer merely to shift his responsibility of scrutinizing the accounts of an assessee to determine their true and correct income to a special auditor.

🔗 **Read More:** <https://drive.google.com/file/d/1L6SQMMNcl-sQlh8RTFWjztS0faQAkKpV/view>



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