



RECTIFICATION OF MISTAKE UNDER SECTION 154

Introduction

Sometimes there may be a mistake in any order passed by the Assessing Officer. In such a situation, mistake which is apparent from the record can be rectified under section 154. The provisions relating to rectification of mistake under section 154 are discussed in this part.

Order which can be rectified under section 154

With a view to rectifying any mistake apparent from the record, an income-tax authority may, -

- a) Amend any order passed under any provisions of the Income-tax Act.
- b) Amend any intimation or deemed intimation sent under section 143(1).
- c) Amend any intimation sent under section 200A(1)(*) [section 200A deals with processing of statements of tax deducted at source i.e. TDS return].
- d) amend any intimation under section 206CB*.

(*) Under section 200A, a TDS statement is processed after making correction of any arithmetical error in the statement or after correcting an incorrect claim, apparent from any information in the statement

Similarly a new section 206CB is inserted by Finance Act, 2015 to provide for the processing of TCS statement.

If due to rectification of mistake, the tax liability of the taxpayer is enhanced or refund is reduced, the taxpayer shall be given an opportunity of being heard.

Rectification of order which is subject to appeal or revision

If an order is the subject-matter of any appeal or revision, any matter which is decided in such an appeal or revision cannot be rectified by the Assessing Officer. In other words, if an order is subject matter of any appeal, then the Assessing Officer can rectify only those matters which are not decided in such appeal.

Initiation of rectification by whom

The income-tax authority can rectify the mistake on its own motion.

The taxpayer can intimate the mistake to the income-tax authority by making an application to rectify the mistake.

If the order is passed by the Commissioner (Appeals), then the Commissioner (Appeals) can rectify mistake which has been brought to notice by the Assessing Officer or by the taxpayer.

Time-limit for rectification



No order of rectification can be passed after the expiry of 4 years from the end of the financial year in which order sought to be rectified was passed. The period of 4 years is from the date of order sought to be rectified and not 4 years from original order. Hence, if an order is revised, set aside, etc., then the period of 4 years will be counted from the date of such fresh order and not from the date of original order.

In case an application for rectification is made by the taxpayer, the authority shall amend the order or refuse to allow the claim within 6 months from the end of the month in which the application is received by the authority.

The procedure to be followed for making an application of rectification

Before making any rectification application the taxpayer should keep following points in mind.

- The taxpayer should carefully study the order against which he wants to file the application for rectification.
- Many times the taxpayer may feel that there is any mistake in the order passed by the Income-tax Department but actually the taxpayer's calculations could be incorrect and the CPC might have corrected these mistakes, e.g., the taxpayer may have computed incorrect interest in return of income and in the intimation the interest might have been computed correctly.
- Hence, to avoid application of rectification in above discussed cases the taxpayer should study the order and should confirm the existence of mistake in the intimation, if any.
- If he observes any mistake in the order then only he should proceed for making an application for rectification under section 154.
- Further, he should confirm that the mistake is one which is apparent from the records and it is not a mistake which requires debate, elaboration, investigation, etc. The taxpayer can file an online application for rectification of mistake. Before making an online application for rectification the taxpayer should refer to the rectification procedure prescribed at <https://incometaxindiaefiling.gov.in/>
- For rectification of intimation under Section 200A(1)/206CB online correction statement is to be filed; the procedure thereof is given at <http://contents.tdscpc.gov.in/en/filing-correction-etutorial.html>
- An amendment or rectification which has the effect of enhancing the assessment or reducing a refund or otherwise increasing the liability of the taxpayer (or deductor) shall not be made unless the authority concerned has given notice to the taxpayer or the deductor of its intention to do so and allowed the taxpayer (or the deductor) a reasonable opportunity of being heard.





MCQ ON RECTIFICATION OF MISTAKE UNDER SECTION 154

Q1. Any mistake which is apparent from the record in any order passed by the Assessing Officer can be rectified under section _____.

- (a) 143 (b) 147
(c) 154 (d) 156

Correct answer : (c)

Justification of correct answer :

Any mistake which is apparent from the record in an order passed by the Assessing Officer can be rectified under section 154.

Thus, option (c) is the correct option.

Q2. Any mistake apparent from the record in any intimation passed under section 200A(1) can be rectified by the Income Tax Authorities under section 154.

- (a) True (b) False

Correct answer : (a)

Justification of correct answer :

As per section 154, any mistake apparent from the record can be rectified by the Income Tax Authorities in following cases:

- Any order passed under any provisions of the Income-tax Act.
- Any intimation or deemed intimation sent under section 143(1).
- Any intimation passed under section 200A(1) [section 200A deals with processing of statements of tax deducted at source *i.e.* TDS return].
- amend any intimation under section 206CB*.

Thus, the statement given in the question is true and hence, option (a) is the correct option.

Q3. If an order is the subject-matter of any appeal or revision, then any matter which is decided in such an appeal or revision cannot be rectified.

- (a) True (b) False

Correct answer : (a)

Justification of correct answer :

If an order is the subject-matter of any appeal or revision, then any matter which is decided in such an appeal or revision cannot be rectified. In other words, if an order is subject matter of any appeal, then the Assessing Officer can rectify the matter which is not decided in by the appellate authority.





Thus, the statement given in the question is true and hence, option (a) is the correct option.

Q4. The income-tax authority cannot rectify the mistake on his own.

- (a) True (b) False

Correct answer : (b)

Justification of correct answer :

The income-tax authority can rectify the mistake on his own. The taxpayer can also intimate the mistake to the income-tax authority by making an application to rectify the mistake. If the order is passed by the Commissioner (Appeals), then the Commissioner (Appeals) can rectify mistake which has been brought to notice by the Assessing Officer or by the taxpayer.

Thus, the statement given in the question is false and hence, option (b) is the correct option.

Q5. No order of rectification can be passed after the expiry of _____ from the end of the financial year in which order sought to be rectified was passed.

- (a) 2 (b) 3
(c) 4 (d) 5

Correct answer : (c)

Justification of correct answer :

No order of rectification can be passed after the expiry of 4 years from the end of the financial year in which order sought to be rectified was passed. The period of 4 years is from the date of order sought to be rectified and not 4 years from the date of original order. Hence, if an order is revised, set aside, etc., then the period of 4 years will be counted from the date of such fresh order and not from the original order.

Thus, option (c) is the correct option.

Q6. In case of an application made by the taxpayer, the authority shall amend the order/refuse the amendment within _____ from the end of the month in which the application is received by the authority.

- (a) 4 years (b) 2 years
(c) 1 year (d) 6 months

Correct answer : (d)

Justification of correct answer :

In case of an application made by the taxpayer, the authority shall amend the order/refuse to do so within 6 months from the end of the month in which the application is received by the authority.





Thus, option (d) is the correct option.

Q7. The taxpayer cannot file an online application for rectification of mistake under section 154.

- (a) True (b) False

Correct answer : (b)

Justification of correct answer :

The taxpayer can file an online application for rectification of mistake. Before making an online application for rectification the taxpayer should refer to the rectification procedure prescribed at <https://incometaxindiaefiling.gov.in> Thus, the statement given in the question is false and hence, option (b) is the correct option.

Q8. An amendment or rectification which has the effect of enhancing the assessment or reducing a refund or otherwise increasing the liability of the taxpayer (or deductor) shall be made after giving the taxpayer (or the deductor) a reasonable opportunity of being heard.

- (a) True (b) False

Correct answer : (a)

Justification of correct answer :

An amendment or rectification which has the effect of enhancing the assessment or reducing a refund or otherwise increasing the liability of the taxpayer (or deductor) shall not be made unless the authority concerned has given notice to the taxpayer or the deductor of its intention to do so and allowed the taxpayer (or the deductor) a reasonable opportunity of being heard.

Thus, the statement given in the question is true and hence, option (a) is the correct option.

