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**Income Tax Act 1961 s 274 - Procedure**

**(1) No order imposing a penalty under this Chapter shall be made unless the assessee has been heard, or has been given a reasonable opportunity of being heard.**

**(2) No order imposing a penalty under this Chapter shall be made—**

**(a) by the Income-tax Officer, where the penalty exceeds ten thousand rupees;**

**(b) by the Assistant Commissioner or Deputy Commissioner, where the penalty exceeds twenty thousand rupees, except with the prior approval of the Joint Commissioner.**

**(2A) The Central Government may make a scheme, by notification in the Official Gazette, for the purposes of imposing penalty under this Chapter so as to impart greater efficiency, transparency and accountability by—**

**(a) eliminating the interface between the Assessing Officer and the assessee in the course of proceedings to the extent technologically feasible;**

**(b) optimising utilisation of the resources through economies of scale and functional specialisation;**

**(c) introducing a mechanism for imposing of penalty with dynamic jurisdiction in which penalty shall be imposed by one or more income-tax authorities.**

**(2B) The Central Government may, for the purposes of giving effect to the scheme made under sub-section (2A), by notification in the Official Gazette, direct that any of the provisions of this Act relating to jurisdiction and procedure**

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for imposing penalty shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in the notification: Provided that no direction shall be issued after the 31st day of March, 2022.

(2C) Every notification issued under sub-section (2A) and sub-section (2B) shall, as soon as may be after the notification is issued, be laid before each House of Parliament.

(3) An income-tax authority on making an order under this Chapter imposing a penalty, unless he is himself the Assessing Officer, shall forthwith send a copy of such order to the Assessing Officer.