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**Income Tax Act 1961 s 158BFA - Levy of interest and penalty in certain cases**

**(1) Where the return of total income including undisclosed income for the block period, in respect of search initiated under section 132, or books of account, other documents or any assets requisitioned under section 132A, on or after the 1st day of September, 2024, as required by a notice under clause (a) of sub-section (1) of section 158BC, is not furnished within the time specified in such notice, or is not furnished, the assessee shall be liable to pay simple interest at the rate of one and one-half per cent of the tax on undisclosed income determined under clause (c) of sub-section (1) of section 158BC, for every month or part of a month comprised in the period commencing on the day immediately following the expiry of the time specified in the notice, and ending on the date of completion of assessment under clause (c) of sub-section (1) of section 158BC.**

**(2) The Assessing Officer or the Commissioner (Appeals) in the course of any proceedings under this Chapter, may direct that the person shall pay by way of penalty a sum which shall be equal to fifty per cent of tax so leviable in respect of the undisclosed income determined by the Assessing Officer under clause (c) of sub-section (1) of section 158BC:**

**Provided that no order imposing penalty under this section or sub-section (1) of section 271AAD or section 271D or section 271DA or section 271E shall be made for the block period in respect of a person if—**

**(i) such person has furnished a return under clause (a) of sub-section (1) of section 158BC;**

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**(ii) the tax payable on the basis of such return has been paid or, if the assets seized consist of money, the assessee offers the money so seized to be adjusted against the tax payable;**

**(iii) evidence of tax paid is furnished along with the return;  
and**

**(iv) an appeal is not filed against the assessment of that part of income which is shown in the return:**

**Provided further that the provisions of the first proviso shall not apply where the undisclosed income determined by the Assessing Officer is in excess of the income shown in the return and in such cases the penalty shall be imposed on that portion of undisclosed income determined which is in excess of the amount of income shown in the return.**

**(3) No order imposing a penalty under sub-section (2) shall be made,—**

**(a) unless an assessee has been given a reasonable opportunity of being heard;**

**(b) by the Deputy Commissioner or Assistant Commissioner or the Deputy Director or Assistant Director, as the case may be, where the amount of penalty exceeds two lakh rupees except with the previous approval of the Additional Commissioner or the Additional Director or the Joint Commissioner or the Joint Director, as the case may be;**

**(c) in a case where the assessment is the subject-matter of an appeal to the Commissioner (Appeals) under section 246A or an appeal to the Appellate Tribunal under section 253, after the expiry of the financial year in which the proceedings, in the course of which action for the imposition of penalty has**

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**been initiated, are completed, or six months from the end of the financial year in which the order of the Commissioner (Appeals) or, as the case may be, the Appellate Tribunal is received by the Principal Commissioner or Commissioner, whichever period expires later;**

**(d) in a case where the assessment is the subject-matter of revision under section 263, after the expiry of six months from the end of the financial year in which such order of revision is passed;**

**(e) in any case other than those mentioned in clause (c) and clause (d), after the expiry of the financial year in which the proceedings, in the course of which notice for the imposition of penalty has been issued, are completed, or six months from the end of the financial year in which notice for imposition of penalty is issued, whichever period expires later.**

**(4) In computing the period of limitation under this section, the following period shall be excluded--**

**(i) the time taken in giving an opportunity to the assessee to be reheard under the proviso to section 129; or**

**(ii) the period during which the proceedings under sub-section (2) are stayed by an order or injunction of any court:**

**Provided that where immediately after the exclusion of the aforesaid period, the period of limitation referred to in sub-section (3) available to the Assessing Officer for making an order under sub-section (2) of this section is less than sixty days, such remaining period shall be extended to sixty days and the aforesaid period of limitation shall be deemed to be extended accordingly:**

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**Provided further that where after exclusion of the period referred to in the first proviso, the period of limitation for making of an order for imposition of penalty expires before the end of a month, such period shall be extended to the end of such month.**

**(5) An income-tax authority on making an order under subsection (2) imposing a penalty, unless he is himself an Assessing Officer, shall forthwith send a copy of such order to the Assessing Officer.**

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