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**Income Tax Act 1961 s 158BB - Computation of undisclosed income of the block period**

**(1) The total income referred to in sub-section (1) of section 158BA of the block period shall be the aggregate of the following, namely:--**

**(i) total income disclosed in the return furnished under section 158BC;**

**(ii) total income assessed under sub-section (3) of section 143 or section 144 or section 147 or section 153A or section 153C prior to the date of initiation of the search or the date of requisition, as the case may be;**

**(iii) total income declared in the return of income filed under section 139 or in response to a notice under sub-section (1) of section 142 or section 148 and not covered under clause (i) or clause (ii);**

**(iv) total income determined where the previous year has not ended, on the basis of entries relating to such income or transactions as recorded in the books of account and other documents maintained in the normal course on or before the date of last of the authorisations for the search or requisition relating to such previous year;**

**(v) undisclosed income determined by the Assessing Officer under sub-section (2).**

**(2) The undisclosed income falling within the block period, forming part of the total income referred to in sub-section (1) of section 158BA, shall be computed in accordance with the provisions of this Act, on the basis of evidence found as a result of search or survey or requisition of books of account**

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or other documents and any other material or information as are either available with the Assessing Officer or come to his notice during the course of proceedings under this Chapter.

(3) Where any evidence found as a result of search or requisition of books of account or other documents and any other material or information as are either available with the Assessing Officer or come to his notice during the course of proceedings under this Chapter, or determined on the basis of entries relating to such income or transactions as recorded in books of account and other documents maintained in the normal course on or before the date of the search or requisition, relates to any international transaction or specified domestic transaction referred to in section 92CA, pertaining to the period beginning from the 1st day of April of the previous year in which last of the authorisations was executed and ending with the date on which last of the authorisations was executed, such evidence shall not be considered for the purposes of determining the total income of the block period and such income shall be considered in the assessment made under the other provisions of this Act.

(4) For the purposes of determination of undisclosed income,-

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(a) of a firm, such income assessed for each of the previous years falling within the block period shall be the income determined before allowing deduction of salary, interest, commission, bonus or remuneration by whatever name called to any partner not being a working partner;

(b) the provisions of sections 68, 69, 69A, 69B and 69C shall, so far as may be, apply and references to "financial year" in

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those sections shall be construed as references to the relevant previous year falling in the block period;

(c) the provisions of section 92CA shall, so far as may be, apply and references to "previous year" in that section shall be construed as reference to the relevant previous year falling in the block period excluding the period referred to in sub-section (3).

(5) The tax referred to in sub-section (7) of section 158BA shall be charged on the total income determined in the manner specified in sub-section (1) as reduced by the total income referred to in clause (ii), clause (iii) and clause (iv) of sub-section (1).

(6) For the purposes of sub-section (1) and sub-section (5), if the disclosed income under clause (i) of sub-section (1) or where the income disclosed in respect of any previous year comprising the block period, or the returned income or assessed income under clause (ii) or clause (iii) of sub-section (1) or where the income as determined under clause (iv), is a loss, it shall be ignored.

(7) For the purposes of assessment under this Chapter, losses brought forward from the previous year (prior to the first previous year comprising the block period) under Chapter VI or unabsorbed depreciation under sub-section (2) of section 32 shall not be set off against the undisclosed income determined in the block assessment under this Chapter but may be carried forward for being set off in the previous year subsequent to the assessment year in which the block period ends, for the remaining period, taking into account the block period and such assessment year, and in accordance with the provisions of this Act.

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