



The Six Triggers for Compulsory Scrutiny | FY 2026-27

Will your FY 2025-26 return draw a Section 143(2) notice by 30 June 2026?

 CBDT

SECTION 143(2)

FACELESS ASSESSMENT

FORM ITR

What CBDT Just Issued

i **Authority:** F.No. 225/56/2026/ITA-II dated 4 June 2026, issued under Section 536(2)(c) of the Income-tax Act 2025 (transitional saving clause). Applies to returns filed during FY 2025-26; substantive provisions reference the Income-tax Act 1961 (AY 2026-27).

The **Guidelines for Compulsory Selection of Returns for Complete Scrutiny, FY 2026-27** define exactly which returns must be picked up for full assessment. Everything outside these six categories escapes compulsory selection entirely.

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CS-01

Survey cases under Section 133A

2

CS-02

Search and requisition cases

3

CS-03

Reassessment linked to search or survey

4

CS-04

Charitable trusts with cancelled registration

5

CS-05

Recurring additions upheld in appeal

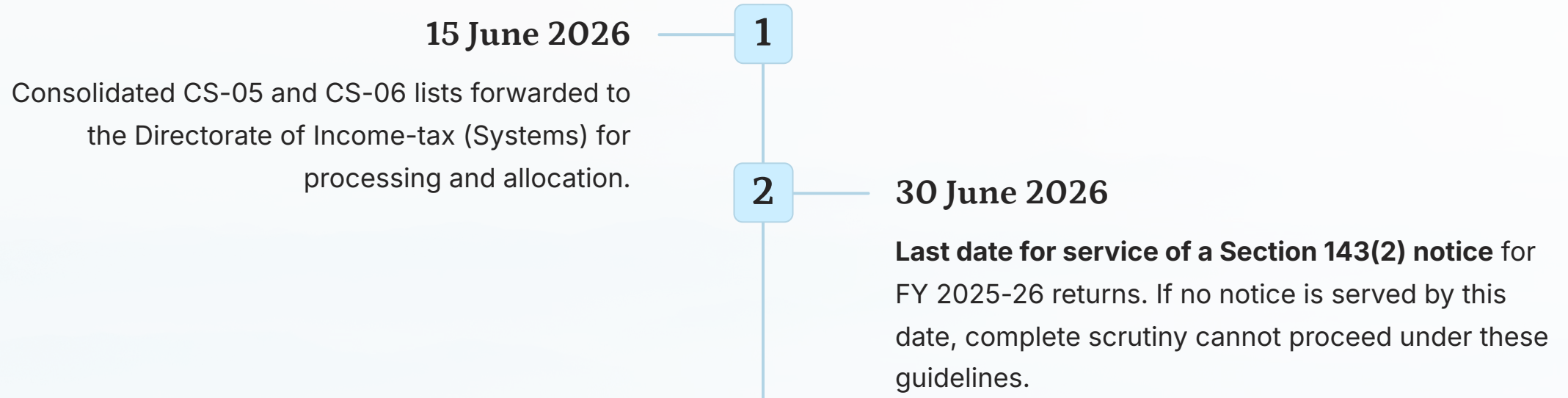
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CS-06

Returns flagged with tax-evasion intelligence

Two Dates That Matter

These deadlines are jurisdictional. Missing either one has permanent consequences for the assessment process.



⚠️ Jurisdictional Deadline: The 30 June 2026 date is not procedural. It is jurisdictional. A notice served even one day late renders the entire scrutiny proceeding void.

CS-01 and CS-02: Survey and Search Cases

CS-01: Survey Cases

A survey conducted under **Section 133A on or after 1 April 2024** triggers compulsory scrutiny of the return filed for that year.

Limited TDS/TCS surveys under Section 133A(2A) are **excluded** from this category and do not attract compulsory selection.

CS-02: Search and Requisition Cases

A search under **Section 132** or a requisition under **Section 132A** carried out between **1 April 2024 and 31 March 2026** brings the return into compulsory scrutiny.

Block-assessment coverage applies for searches initiated from **1 September 2024** onwards, extending the reach of this category to multiple assessment years.



CS-03 and CS-04: Reassessment and Trusts

CS-03: Reassessment Cases

Covers two sub-categories:

- Reassessment cases under **Section 148** that are linked to a prior search or survey
- Reassessment proceedings that are getting **time-barred by 31 March 2027**, ensuring they are not lost due to procedural gaps

CS-04: Charitable Trusts and Institutions

Applies to charitable trusts, institutions and funds where:

- Registration under **Sections 12A, 12AB, 35(1)(ii)/(iii) or 10(23C)** was cancelled or denied
- The cancellation or denial occurred **on or before 31 March 2025**
- The entity **still claims exemption** in its ITR-7 filing despite the cancelled or denied registration

CS-05 and CS-06: The Two That Catch Growing Companies

These two categories are the most likely to affect businesses that have never faced a search or survey.

CS-05: Recurring Additions Upheld in Appeal

Triggered when a recurring addition on the **same issue of law or fact** (including transfer pricing) has been upheld in appeal or is now final, and the addition exceeds the applicable threshold.

Charge Type	Cities	Threshold
Metro Charges	Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata, Mumbai, Pune	Rs 50 lakh
Non-Metro Charges	All other locations across India	Rs 20 lakh

CS-06: Tax-Evasion Intelligence Flags

Any return flagged with **specific tax-evasion information** received from the following agencies is automatically selected for compulsory scrutiny:



ED



CBI



GST Authorities



SEBI



FIU



Investigation Wing

Who Is Actually Exposed?

Understanding which stakeholder profiles carry the highest risk of compulsory selection under the six categories.



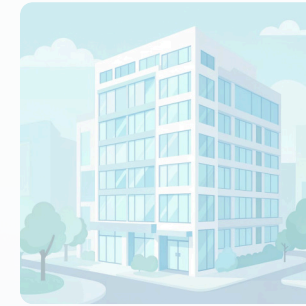
Founders and Startups

Share-premium valuations, related-party transactions and unexplained credits are the most common CS-05 triggers. A prior addition on any of these issues that became final creates automatic exposure.



MSMEs

Recurring estimated gross-profit additions or Section 40(a)(ia) TDS disallowances that were upheld in appeal and exceed the applicable threshold bring MSMEs squarely into CS-05 territory.



Groups Post-Survey or Search

Any group that faced a survey or search after 1 April 2024 is automatically in CS-01 or CS-02. All entities in the group whose returns cover that period must be reviewed.

i **Faceless Assessment:** Selected cases go to the National Faceless Assessment Centre, except International Taxation and Central charges. Transfer-pricing and multinational cases retain a jurisdictional officer. An open faceless assessment can surface in fundraising due diligence and affect deal timelines.

Action Plan Before 30 June 2026

Do not wait for the notice to start building the file. Every day before 30 June is an opportunity to strengthen your position.



Reconcile Your Return

Cross-check your FY 2025-26 return against AIS, Form 26AS and audited financials. Identify any discrepancies before the department does.



Assemble Documentary Support

Gather all evidence for any prior addition that became final or was upheld in appeal. The burden of proof in a scrutiny assessment rests with the taxpayer.



Verify Trust Registration Status

If you claim exemption under Sections 12A, 12AB, 35(1)(ii)/(iii) or 10(23C), confirm that your registration is current and has not been cancelled or denied on or before 31 March 2025.



Monitor the E-Filing Portal Daily

Check the income-tax e-filing portal every day through June 2026. A Section 143(2) notice served electronically is deemed served on the date of upload, not the date you read it.



Start Building the File Now

Proactive preparation is the single most effective way to reduce scrutiny risk. Engage your advisor before the notice arrives, not after.

Not Sure If Your Return Fits Any Category?

The six CS categories contain technical nuances that can be easy to miss. A return that appears safe may carry hidden exposure under CS-05 or CS-06. Expert review before 30 June 2026 is the only way to know for certain.

"Every taxpayer deserves to know their scrutiny risk before the notice arrives, not after."

Talk to an Expert

CA Adityavikram Banka

Founder, A S Banka Advisors Private Limited

Specialising in income-tax assessments, faceless proceedings, transfer pricing and advisory for founders, MSMEs and corporate groups.

What We Can Do For You

- Review your FY 2025-26 return against all six CS categories
- Assess your CS-05 exposure based on prior assessment history
- Prepare a scrutiny-ready documentation file
- Represent you before the National Faceless Assessment Centre

📅 ACT BEFORE 30 JUNE 2026

A S BANKA ADVISORS PRIVATE LIMITED