

**INCOME TAX SETTLEMENT COMMISSION (PROCEDURE)  
RULE 1976**

CONTENTS

1. Short title and commencement
2. Definitions
3. Language of the Commission
4. Signing of notice etc
5. Procedure for filing settlement application
6. Commissioners report etc. under Section 245D (1)
7. Filing of statement of facts and terms of settlement
8. Filing of affidavit
9. Commissioners report on statement of facts, etc
10. Date and place for hearing of application to be notified
11. Filing of authorisation
12. Verification of additional facts
13. Proceedings not open to the public
14. Adjournment of hearing of application
15. Commission proceedings in absence of any member

**INCOME TAX SETTLEMENT COMMISSION (PROCEDURE)  
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In exercise of the powers conferred by sub-section (5) of Section 245F of the Income-tax Act, 1961 (43 of 1961) the Income-tax Settlement Commission hereby makes the following rules, namely :-

**1. Short title and commencement :-**

(1) These rules may be called the Income-tax Settlement Commission (Procedure) Rules, 1976.

(2) They shall come into force on the date of their publication in the Official Gazette

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**2. Definitions :-**

In these rules, unless the context otherwise requires,-

(i) "Act" means the Income-tax Act, 1961 (43 of 1961) ;

(ii) "applicant" means a person who makes an application to the

Commission under sub-section (1) of Section 245G to have a case relating to him settled ;

(iii) "authorised representative" means-

(a) in relation to an applicant, except where such applicant is required under any of the provisions of Chapter XIX-A of the Act to attend in person, a person who would be entitled to represent him before any Income-tax authority or the Appellate Tribunal under Section 288 ;

(b) in relation to a Commissioner, a person

(A) authorised by the Commissioner in writing; or

(B) duly appointed by the Central Government by notification in the Official Gazette as authorised representative to appear, plead or act for the Commissioner in any proceedings before the Commission;

(iv) "Commission" means the Income-tax Settlement Commission constituted under sub-section (1) of Section 245B ;

(v) Secretary "means the Secretary of the Commission and includes Deputy Secretary and an administrative Officer of the Commission;

(i) "section" means a section of the Act;

(ii) "settlement application" means an application made by a person to the Commission under sub-section (1) of Section 245C to have his case settled;

(iii) all other words and expressions used in these rules and not defined but defined in the Act shall have the meanings respectively assigned to them in the Act.

### **3. Language of the Commission :-**

(1) All pleadings before the Commission may, at the option of the applicant, be in Hindi or in English,

(2) All orders and other proceedings of the Commission may, at the option of the Commission, be in Hindi or in English.

### **4. Signing of notice etc :-**

(1) Any requisition, direction, letter, authorisation, order or written notice to be issued by the Commission shall be signed by the Chairman or any other member of the Commission or by the Secretary.

(2) Nothing in sub-rule (1) shall apply to any requisition or direction which the Commission may, in the course of the hearing, issue to an applicant or a Commissioner or an authorised representative, personally.

**5. Procedure for filing settlement application :-**

A settlement application shall be presented by the applicant in person or by his agent to the Secretary, at the office of the Commission, or to an officer authorised in this behalf by the Secretary, or shall be sent by registered post addressed to the Secretary, or to such officer.

**6. Commissioners report etc. under Section 245D (1) :-**

On receipt of a settlement application a copy thereof shall be forwarded by the Commission to the Commissioner with the direction to furnish his report under sub-section (1) of Section 245D within thirty days of the receipt of the application by him or within such further period as the Commission may specify.

**7. Filing of statement of facts and terms of settlement :-**

(1) Where an order is passed by the Commission under sub-section (1) of section 245D allowing the application to be proceeded with, a notice shall be issued by the Commission to the applicant requiring him to furnish in quintuplicate - ,

(a) a full and true statement of facts regarding the matters to be settled (including the manner in which any income disclosed or proposed to be disclosed by the applicant has been derived) ; and where the settlement involves determination of income, accompanied with annexures containing-

(i) computation of total income of the applicant for the assessment year or years to which the settlement application relates, in accordance with the provisions of the Act;

(ii) copies of manufacturing account or trading account or both as the case may be; profit and loss account or income and expenditure account or any other similar account, as the case may be, and balance-sheet; and

(iii) in the case of

(A) a proprietary business or profession, copy of the personal account of the proprietor;

(B) a firm or association of persons or body of individuals copies of the personal accounts of the partners or members thereof as the case may be; and

(C) a partner of a firm or a member of an association of persons or body of individuals, copies of the personal account of such partner or member in the firm or association of persons or body of individuals, as the case may be;

(b) the terms of settlement sought for by the applicant.

(2) The statement of facts, the annexures thereto and the terms of settlement shall each be signed separately by the applicant and the statement of Facts shall be verified in the following manner, namely :- "I, .....[name in full and in block letters] son/daughter/wife of..... solemnly declare that to the best of my knowledge and belief the information given in this statement of facts and the annexures accompanying it is correct and complete and other particulars shown therein are truly stated. I further declare that I am making this statement in my capacity as-and that I am competent to (designation) make this statement of facts and to verify it. .... (Signature)"  
Place- Date-

**8. Filing of affidavit :-**

Where a fact which cannot be borne out by, or is contrary to, the record relating to the case is alleged in the statement of facts furnished under Rule 7 it shall be stated clearly and concisely and supported by a duly sworn affidavit.

**9. Commissioners report on statement of facts, etc :-**

On receipt of the statement of facts and the terms of settlement under Rule 7, the Commission shall forward a copy thereof to the Commissioner calling for his further report.

**10. Date and place for hearing of application to be notified :-**

On receipt of the Commissioner's report under Rule 9 the Commission shall notify to the applicant and the Commissioner the date and place of hearing of the application.

**11. Filing of authorisation :-**

An authorised representative appearing for the applicant at the hearing of an application shall file before the commencement of the hearing a document authorising him to appear for the appli-

cant and if he is a relative of the applicant, the document shall state the nature of his relationship with the applicant, or if he is a person regularly employed by the applicant, the capacity in which he is at the time employed.

**12. Verification of additional facts :-**

Wherein the course of any proceedings before the Commission any facts not contained in the statement of facts furnished under Rule 7 are alleged they shall be submitted to the Commission in writing and shall be verified in the same manner as provided for in thatTule.

**13. Proceedings not open to the public :-**

The proceedings before the Commission shall not be open to the public and no person (other than the applicant, his employee, the concerned officers of the Income-tax Department or the authorised representatives) shall, without the premission of the Commis- sion, remain present during such proceedings.

**14. Adjournment of hearing of application :-**

The Commission may, on such terms as it thinks fit and at any stage of the proceedings, adjourn the hearing of the application.

**15. Commissions proceedings in absence of any member :-**

Where the Commission acts in any matter in the absence of any member thereof and there is a difference of opinion among the members present such matter together with any materials brought on record before the Commission during the absence of such member shall be considered at a subsequent meet- ing of the Commission by all the members together, before a decision is taken by the Commission in respect of that matter.