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DIRECTORATE OF INCOME TAX (SYSTEMS)
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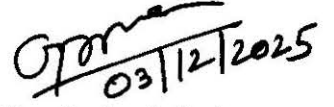
Dated: 03.12.2025

OFFICE MEMORANDUM

Sub:- SOP of CASS Process & Procedure-reg.

The undersigned is directed to issue the Standard Operating Procedure (SOP) for Computer Aided Scrutiny Selection (CASS) as enclosed with this Office Memorandum (OM) for compliance.

2. All the stakeholders are requested to kindly take note of SOP regarding Process & Procedure of CASS enclosed with this OM.


03/12/2025

(Om Prakash Jha)

Deputy Director of Income Tax (Systems)-6.2.1

O/o ADG(S)-6, Delhi

To,

1. DGIT(S), Delhi.
2. ADG(S)-2, Delhi.
3. ADG(S)-3, Delhi.
4. ADG(S)-6, Delhi
5. CIT (ITBA), Delhi
6. Members of Technical Committee of ITD (Systems), Delhi.

Standard Operating Procedure (SOP) for Computer Aided Scrutiny Selection (CASS) – Income Tax Department

- 1. Purpose** Computer Aided Scrutiny Selection (CASS) is a centralised mechanism for selecting cases for scrutiny assessment. CASS is executed on the basis of data available in ITRs, Income Tax Forms, third Party information, information received from data exchange partners etc. CASS rules are run on the ITRs of different AYs received during the previous FY.

The purpose of this SOP is to define the process / procedures for selecting the correct taxpayer cases through Computer Aided Scrutiny Selection (CASS) of the Income Tax Department in time-bound manner.

- 2. Scope** This SOP applies to all Committee members, Functional team, Technical committee, teams of concerned modules of Directorate of Income-tax(Systems) and MSPs responsible for handling taxpayer cases through CASS.

3. Responsibilities of all the stake holders :-

3.1 Responsibilities of CASS Committee Members :-

CASS Committee:-Framing risk rules to select cases for scrutiny

- Analysis of suggestions received from field authorities.
- Recommendation of modification or removal of existing rules.
- Recommendation for introduction of new rules.
- Recommending changes in Income Tax Returns, Income Tax Forms, Third Party information etc., to capture/collect necessary information/details to enable effective scrutiny selection for future CASS cycles.

Centralized Risk Assessment Unit (CRAU) committee: - Framing risk rules to select TP cases for scrutiny

- Formulation of rules/scenarios for all TP risk parameters along with framing of risk parameters on the basis of information contained in Form 3CEB for selection of cases for Transfer Pricing audit.
- Formulation of rules/scenarios based on various risk parameters for the qualitative and quantitative analysis of information contained in Country-by-Country Report (CbCR) and Master File (MF) for selection of cases for Transfer Pricing audit.
- Recommend changes in the existing Form 3CEB and in the existing regulation for CbCR and MF reporting including amendment in the Income Tax Rules and relevant Forms meant for submission of the reports for future CASS cycles.

3.2 Responsibilities / Roles of Functional Team of ADG(S)-6:-

- i. Following Documents should be provided to the CASS and CRAU committee
 - CASS Rule documents of the earlier year .
 - Hit rate analysis of the 2 previous years' CASS cycles (based on feedback captured on ITBA).
 - List of data sources for the last two year cycles.
 - Feedback received from field formations w.r.t CASS rules of the previous CASS cycle.
 - Suggestions received from various SPOCs from all Pr. CCIT Regions.
- ii. Assist committees in the analysis of suggestions received from field authorities.
- iii. Assist committees in comparison with last year's CASS rules to improve/ remove the rules.
- iv. Assist committees in the formulation of new rules as per the changes in the Act in the previous year.
- v. 4 days orientation session should be provided to technical committee (ITD) for basic understanding of overall rules of CASS and various forms / ITRs / data sources etc. However the Functional team of ADG(S)-6 will always be available for clarification sought by the Technical committee.
- vi. Timely clarifications to MSP / Technical committee (ITD) whenever requested by them during SQL script formation / validation in case of any doubt.
- vii. Timely review of output.
- viii. Participating in meetings called by MSPs and Technical committee.
- ix. Base pool population criteria should be properly documented.
- x. Prepare minutes of the meetings.

3.3 Responsibilities of MSP: -

- i. Ensure timely and complete receipt of ITR data / ITR pool, third party data forms etc.
- ii. Reconciliation of ITR and all other forms on which CASS will be executed.
- iii. Ensure taxpayer data is protected according to IT security policies and tax regulations.
- iv. Report any suspicious activities to the Compliance team of ADGS(S)-2 under intimation to O/o the ADG(S)-6.
- v. Development of CASS queries correctly and as per SDLC (Software Development Life Cycle) following procedure give below :

Procedure

The process of development of SQL queries for CASS Cycle Exercise must follow procedure given below and should be in-line with Software Development Life Cycle involving following key steps to ensure the accuracy and efficiency of the outcome:-

- **Functional Requirement Specification-** To freeze the functional requirement of the CASS involving standardizing the CASS rules with parameterized variables in consultation with CASS committee, CRAU committee, Functional team of ADG(S)-6 and ADG(S)-2. It should cover rule document and expression / mapping sheet.
 - **Software Requirement Specification-** To develop the software solution covering the code design with logical flow of information.
 - **Design and Development-** Actual implementation of SQL queries/scripts in a version control software system such as GitHub/Gitlab. This will ensure that each version of a query is version controlled, and changes are tracked. Documentation of mapping/expression sheet vis a vis Source Table, Column sheet in version-controlled manner. Performance benchmarks need to be established for the SQL queries created/ modified/ upgraded and shared with the team formed to review SQL queries. Query Execution Plan must be included in design prior to implementation for a fair assessment of expected performance and shared with the teams of ADG(S)-2 and ADG(S)-6.
 - **Testing and validation -** The version-controlled queries can be validated by the Quality Assurance team involving Business team of MSP. The comments on the SQL query can be directly seen by ITD officer in case where a change is suggested by the Quality Assurance team of MSP. The testing should cover use case / test cases for each query with result. Performance criteria established during design must be assessed and result of the same must be shared with the teams of ADG(S)-2 and ADG(S)-6. Gaps (if any) in query performance must be resolved prior to Go-Live and must be shared with the teams of ADG(S)-2 and ADG(S)-6.
 - **Operation and Maintenance -** This will ensure that new rules are rolled out effectively and existing rules are modified/upgraded/updated/deleted as per business requirement with a history in version control software. Performance assessment to be taken up on periodic basis as a proactive measure to apply necessary optimisations with changing load conditions/ patterns on the system and the same must be shared with the teams of ADG(S)-2 and ADG(S)-6.
- vi. After receiving final go ahead, MSP should identify cases, allocate and push to ITBA using Issues, Scenario info element and Rationale to ITBA through designated tables.

3.4 Responsibilities / Roles of O/o the ADG(S)-2:-

- i. Upon receiving a request from MSP, O/o the ADG(S)-2 to arrange and provide the requisite data of ITRs/Forms/SFTs etc. as requested by MSP..
- ii. Getting data for each exclusion, preferably with PAN from CBDT, DPIIT (Startups data), etc., to avoid any mistakes while excluding the cases from the final CASS cycle. In case if PANs are not given, someone from the Department should check the names against PANs to avoid any mistakes in selecting the case.

- iii. A checklist of changes in ITR/Non-ITR forms received from the e-Filing / ADG(S)-3 team should be shared with the O/o ADG(S)-6 team. Based on this, the Database (DB) mapping / Expression sheet created by the ADG(S)-2 team also be shared with the O/o ADG(S)-6 to ensure that every change is accurately checked in the CASS rules document and queries.
- iv. Coordinate meetings between Functional Team of ADG(S)-6, Technical Team, and the MSP to ensure adherence to timelines and avoid delays.
- v. Push finally selected cases to ITBA for further necessary action.

3.5 Responsibilities / Roles of O/o the ADG(S)-3 (in consultation with other units of IEC 2.0 project i.e. E-filing and CPC-ITR):-

- i. Reconciliation of ITR and Non-ITR Forms with O/o ADG(S)-2 unit in a time bound manner.
- ii. Providing final status code list for freezing base pool to select CASS cases.

3.6 Responsibilities / Roles of O/o the ITBA:-

- i. Validation of return shared by INSIGHT,
- ii. Getting meta data of the ITR from e-filing.
- iii. Generation of Intimation for faceless cases and notices for both faceless and non-faceless cases.
- iv. Signing of notices by Assessment Unit and Prescribed Income Tax Authority through Insight.
- v. Creation of pendency in the Assessment Module.
- vi. Sharing of notice and intimation with e-Filing.
- vii. Triggering email to assessee, and
- viii. Bifurcation of cases based on Faceless and Non-Faceless (Central, International).

3.7 Responsibilities of the Technical Committee (ITD): - The Technical Committee should be involved full-time for a minimum of 3 months and partially thereafter until the completion of the work keeping in mind the time criticality and confidentiality of the CASS process.

- i. All SQL scripts must be reviewed, and comments should be provided by technical officers in accordance with the expression/mapping sheet and Rule document.
- ii. Clarification in rules may be asked from Functional team of ADG(S)-6.
- iii. Participating in meetings to discuss comments / issues in SQL scripts with the MSP.
- iv. If required, after approval, execute queries and match outcome with functional requirements and discuss with ITD Functional team

4. Process Workflow: -

Step 1: Constitution of CASS / CRAU Committee

- Constitution of CASS Committee for framing CASS rules.
- Constitution of CRAU Committee for framing TP rules.

Step 2: Framing of rules by CASS / CRAU Committee

- CASS committee frames the CASS rules.
- CRAU committee frames the TP rules.

Step 3: Compilation of Rules into a Rule Document

- Functional Team compiles all the rules into a formal Rule Document.

Step 4: Rule Document Sharing

- Rule Document is shared with MSP for development through O/o the ADG(S)-2.
- Rule Document is shared with Technical committee.

Step 5: Rule review by MSP and seek clarification

- Discussion should held between Functional team (ITD), Technical team and MSP for clarity on newly added rules to be explained to Functional team of MSP.
- MSP reviews the rule document.
- MSP may seek clarifications, if required.

Step 6: Identification of ITR Pool by MSP

- MSP to identify ITR pool in consultation with Functional team of ADG(S)-6 and ADG(S)-2.

Step 7: Identification and raising data requirement by MSP

- MSP to identify and raise data request to the O/o ADG(S)-2 under intimation to O/o the ADG(S)-6.

Step 8: Clarifications by Functional Team

- Functional Team provides required clarifications.
- Updates Rule Document, if necessary.
- *(Repeat Step 5 & 8, if additional clarifications are required)*

Step 9: Constitution of Technical Committee by O/o the DGIT (Systems)

- Constitution of Technical committee for providing their comments on SQL scripts and mapping / expression sheet, if already not been constituted.

Step 10: Development and finalization of CASS Queries correctly as per Software Engineering Principles by MSP.

- Development of CASS queries correctly and as per Software Engineering Principles including Functional requirement specification, Software requirement specification, Design & Development, Testing & validation, Operation and Maintenance.

Step 11: Sharing of Finalized SQL scripts and mapping / expression sheet with Technical Team (ITD) by MSP

- Finalized SQL scripts and mapping / expression sheet are shared with Technical Team (ITD) for validation.

Step 12: Distribution of SQL scripts to Technical committee for validation

- Finalized SQL scripts and mapping / expression sheet are distributed internally among Members of Technical Committee constituted in step 9 for validation.
- The SQL scripts must be distributed in a way so that each script must be reviewed by atleast two members.

Step 13: Technical Team Clarifications

- Technical Team (ITD) may ask clarifications in rules from Functional team (ITD)

Step 14: Clarification in rules / Updation of Rule document by Functional Team

- Functional Team provides required clarifications.
- Updates Rule Document, if necessary.
- These clarifications are also shared with MSP for any changes in SQL script.

Step 15: Corrections in SQL script and mapping / expression sheet by MSP

- Repeat steps 10 to 12.

Step 16: Technical Team Observations

- Technical Team (ITD) provides detailed comments on SQL scripts and mapping / expression sheet which were distributed in step 12.

Step 17: MSP Response on the observations

- MSP addresses each observation provided by Technical team.
- MSP corrects SQL scripts and mapping / expression sheet, wherever required.

Step 18: Reconciliation of ITR and Non-ITR Forms by O/o the ADG(S)-3

- Reconciliation of ITR and Non-ITR Forms by O/o the ADG(S)-3 in consultation with other units of the IEC 2.0 project i.e. E-filing and CPC-ITR, in coordination with O/o the ADG(S)-2

Step 19: Meeting for discuss comments provided by Technical Team

- A joint meeting is held involving Functional Team, MSP, and Technical Team.
- The objective is to resolve open issues and finalize changes.

Step 20: Incorporate Final Changes by MSP

- MSP incorporates all agreed-upon changes into SQL scripts and mapping / expression sheet.

Step 21: Providing all the requisite data to MSP by O/o the ADG(S)-2

- Upon receiving a request from MSP in Step 7, O/o the ADG(S)-2 to arrange and provide the requisite data as requested by MSP.

Step 22: Sharing of 1st dry run results by MSP

- 1st dry run results are shared with ITD.

Step 23: Iterative Review

- Repeat Steps 11 to 20 (except Step 18) until all issues are fully resolved and all parties are satisfied.

Step 24: Sharing of 2nd dry run results by MSP

- 2nd dry run results are shared with ITD

Step 25: Analysis by Functional Team

- Functional team analyse the selected cases.
- Data comparison with previous year's cases.
- Functional team may seek clarifications from MSP, in case of any doubt / unexpected changes in counts of selected cases under any rule.
- Functional team may present number of cases in each rule to CBDT.

Step 26: Modification in rules as per recommendation of CBDT

- CBDT may recommend modification in rules.
- Repeat step 14 to 23 (except Step 18).

Step 27: Sharing of 3rd and final dry run results by MSP

- 3rd dry run results are shared with ITD

Step 28: Data Testing / UAT

- MSP provides test data for validation as per data-sharing policies.
- Testing should be conducted by MSP in the presence of Functional and Technical team of ADG(S)-6. MSP should arrange testing by Functional and Technical teams of ADG(S)-6 i.r.o. data fetched by SQL queries.
- Functional Team may select any number of rules and cases for test check.

Step 29: Final Selection and allocation of cases by O/o the ADG (S)-2

- Cases are selected in Insight for CASS.
- Allocation of cases by O/o the ADG (S)-2.
- Selected cases to be shared with ITBA for their examination.

Step 30: Generation of Notices by ITBA

- Validation of return in respect of cases shared by INSIGHT,
- Getting meta data of the ITR from e-filing.
- Generation of Intimation for faceless cases and notices for both faceless and non-faceless cases.
- Signing of notices by Assessment Unit and Prescribed Income Tax Authority through Insight.
- Creation of pendency in the Assessment Module,
- Sharing of notice and intimation with e-Filing,
- Triggering email to assessee, and
- Bifurcation of cases based on Faceless and Non-Faceless (Central, International).

5. Formats: -

(a) Format for Distribution of SQL scripts to Technical committee for validation

Reviewer Name	Scenario Code	Distribution Date	Query Status	Feedback on query	Feedback on mapping / expression sheet	Other Remarks (If Any)	Feedback Submission Date
1	2	3	4	5	6	7	8

(b) Format for MSP's Response on the observations

Reviewer Name	Scenario Code	Distribution Date	Query Status	Feedback on query	Feedback on mapping / expression sheet	Other Remarks (If Any)	Feedback Submission Date
1	2	3	4	5	6	7	8

MSP's comment on SQL Script	Changes in SQL script required?	MSP's comments on mapping / expression sheet	Change in mapping / expression sheet required?
9	10	11	12

(c) Format of consolidated sheet after Meeting

Reviewer Name	Scenario Code	Distribution Date	Query Status	Feedback on query	Feedback on mapping / expression sheet	Other Remarks (If Any)	Feedback Submission Date
1	2	3	4	5	6	7	8

MSP's Response				Comments after discussion in meeting			
MSP's comment on SQL Script	Changes in SQL script required?	MSP's comments on mapping / expression sheet	Change in mapping / expression sheet required?	Comments Tech Team (ITD)	Remarks / Explanation by MSP	Changes in SQL script required?	Change in mapping / expression sheet required?
9	10	11	12	13	14	15	16

This document is maintained by ADG(S)-6 unit and shall be subject to periodic review as deemed necessary in accordance with the evolving priorities of the Income Tax Department.