

**J. B. NAGAR CPE STUDY CIRCLE OF WIRC
OF
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**

**FACELESS ASSESSMENT UNDER THE INCOME TAX
ACT, 1961**

Vasani & Co.



Chartered Accountants

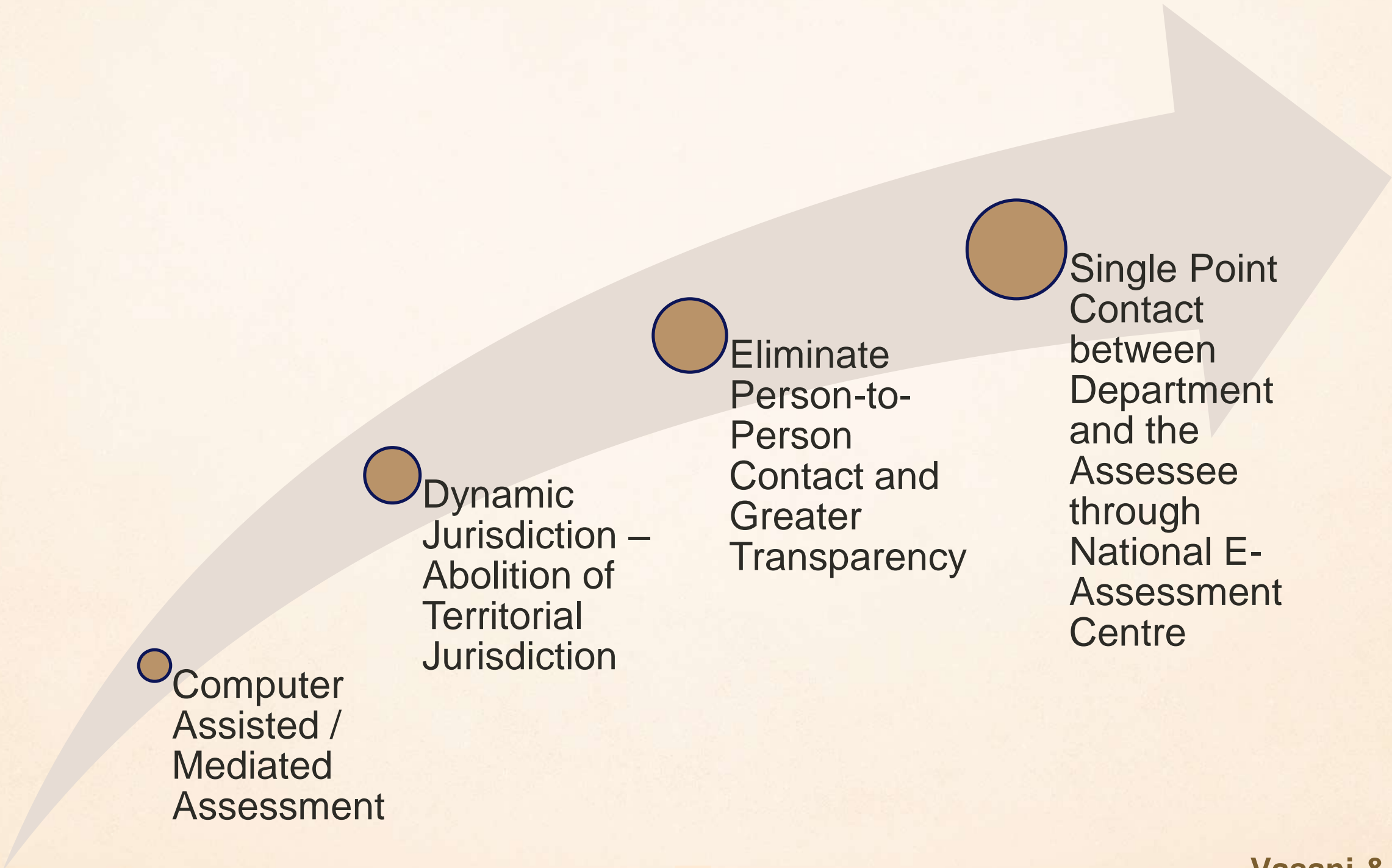
**COMPILED BY:
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CA. KHYATI B. VASANI
CA. RIMA D. SHAH**

DATE: SEPTEMBER 17, 2020

EVOLUTION OF DIGITIZATION IN INCOME TAX

Year	Digitization
1981	DIT (Systems) was appointed in the Directorate of Income Tax (Organization & Management Services) to make co-ordinate efforts in introducing electronic data processing of returns
1994	The Permanent Account Number (PAN), a 10 digit alphanumeric number was launched
2003	Department launched the portal "http://www.incometaxindia.gov.in"
September, 2004	E-filing of Return was introduced initially on a voluntary basis for all categories of assesseees
01/01/2005	Mandatory quoting of PAN
01/06/2005	Digitization of Challan Data
2006	E-filing of TDS Returns & E-filing of ITRs made compulsory for Corporate
2009	CPC was set up in Bengaluru for bulk processing of e-filed and paper returns
Over the years	E-Filing made mandatory for other assesseees gradually
2016	Launching of E- Assessments in Metro Pilot project
2018	E-Assessments coverage expanded
12 th Sep., 2019	Introduction of E-Assessment Scheme (Notification No. 61/2019 & 62/2019 dated 12.09.2019)
13 th Aug., 2020	"E-Assessment" substituted by "Faceless Assessment" (Notification No. 60/2020 & 61/2020 dated 13.08.2020)
25 th Sep., 2020	Introduction of Faceless Appeals

SCHEME OF FACELESS ASSESSMENT



Computer Assisted / Mediated Assessment

Dynamic Jurisdiction – Abolition of Territorial Jurisdiction

Eliminate Person-to-Person Contact and Greater Transparency

Single Point Contact between Department and the Assessee through National E-Assessment Centre

REASONS FOR MOVING TO FACELESS ASSESSMENTS

As a part of Government's E-Governance Program

Recommendations by **Shome Committee**

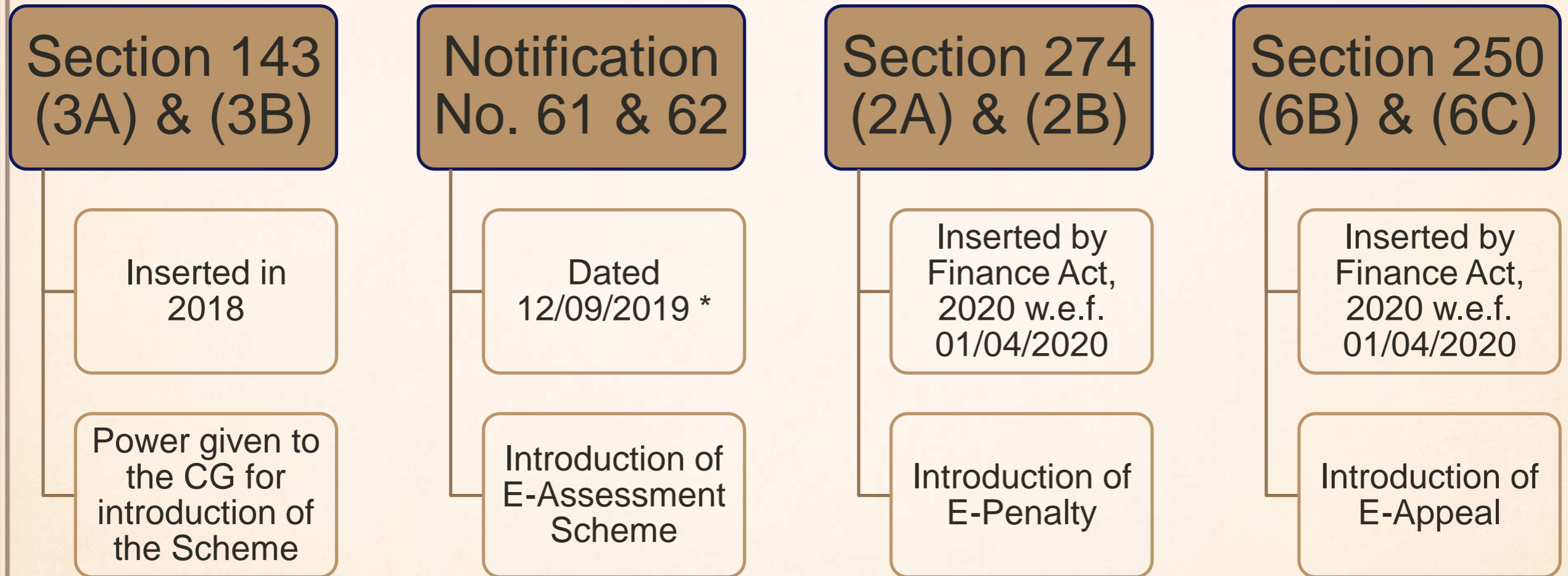
Ease of doing Business in India

Eliminate face-to-face Interactions

Bring Transparency in Assessment Proceedings

In line with Global Practices across Developed Countries

MODUS OPERANDI OF FACELESS ASSESSMENT



* - subsequently amended by Notification No. 60 & 61 of 2020 dated 13/08/2020

SECTION 143 (3A) & (3B)

- ❖ **Section 143(3A):**
 - ❖ The Central Government may make a scheme, by notification in the Official Gazette, for the purposes of making assessment of total income or loss of the assessee under sub-section (3) [*or section 144*] so as to impart greater efficiency, transparency and accountability by—
 - (a) eliminating the interface between the Assessing Officer and the assessee in the course of proceedings to the extent technologically feasible;
 - (b) optimizing utilization of the resources through economies of scale and functional specialization;
 - (c) introducing a team-based assessment with dynamic jurisdiction.
- ❖ **Section 143(3B):**
 - ❖ The Central Government may, for the purpose of giving effect to the scheme made under sub-section (3A), by notification in the Official Gazette, direct that any of the provisions of this Act relating to assessment of total income or loss shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in the notification

SECTION 143(3A)

(NOTIFICATION NO. 61 OF 2019 DATED 12/09/2019)

- ❖ In exercise of the powers conferred by sub-section (3A) of section 143 of the Income-tax Act, 1961 (43 of 1961), the Central Government introduced the E-assessment Scheme, 2019.
- ❖ It shall come into force on the date of its publication in the Official Gazette.
- ❖ This Notification was amended by Notification No. 60 of 2020 dated 13/08/2020 making it **“Faceless Assessment”**.

SECTION 143(3B) - AMENDMENTS MADE

(NOTIFICATION NO. 62 OF 2019 AS AMENDED BY
NOTIFICATION NO. 61 OF 2020 DATED 13/08/2020)

Section
2(7A)

Definition of AO

Section
92CA

Transfer Pricing Officer

Section
120 & 124

Jurisdiction of Income Tax Authorities & AO

Section
127 & 129

Transfer of Case and Change of
incumbent of an office

Section
131 & 133

Power regarding discovery, production of
evidence, etc. & Power to call information

SECTION 143(3B) - AMENDMENTS MADE

(NOTIFICATION NO. 62 OF 2019 AS AMENDED BY
NOTIFICATION NO. 61 OF 2020 DATED 13/08/2020)

Section
133 A & C

Power of survey & to call inf. by ITO

Section
134

Power to inspect register of
companies

Chapter
XIV

Procedure for assessment

Chapter
XXI

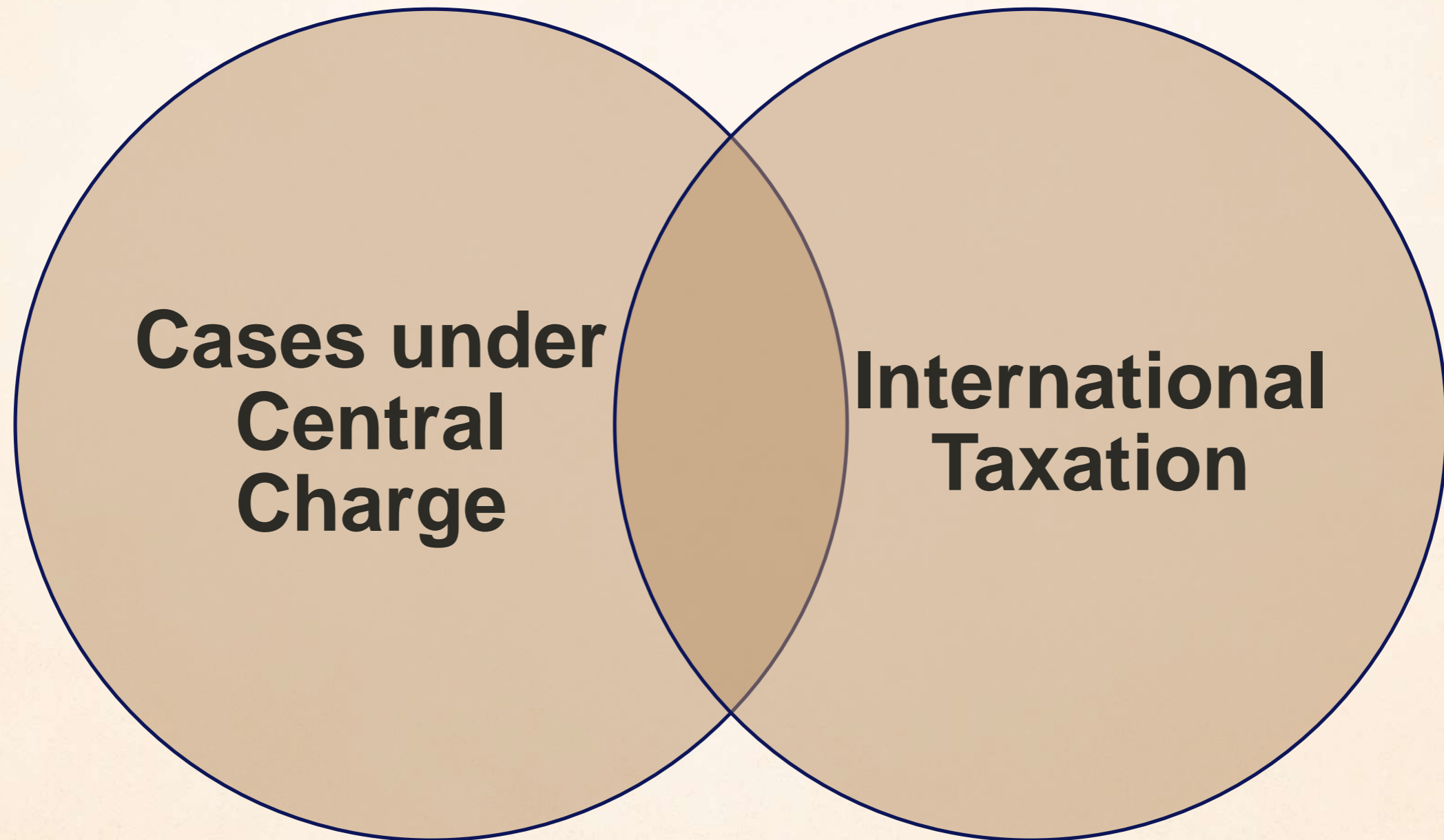
Penalties imposable

SECTION 143(3B) - AMENDMENTS MADE

(NOTIFICATION NO. 62 OF 2019 AS AMENDED BY
NOTIFICATION NO. 61 OF 2020 DATED 13/08/2020)

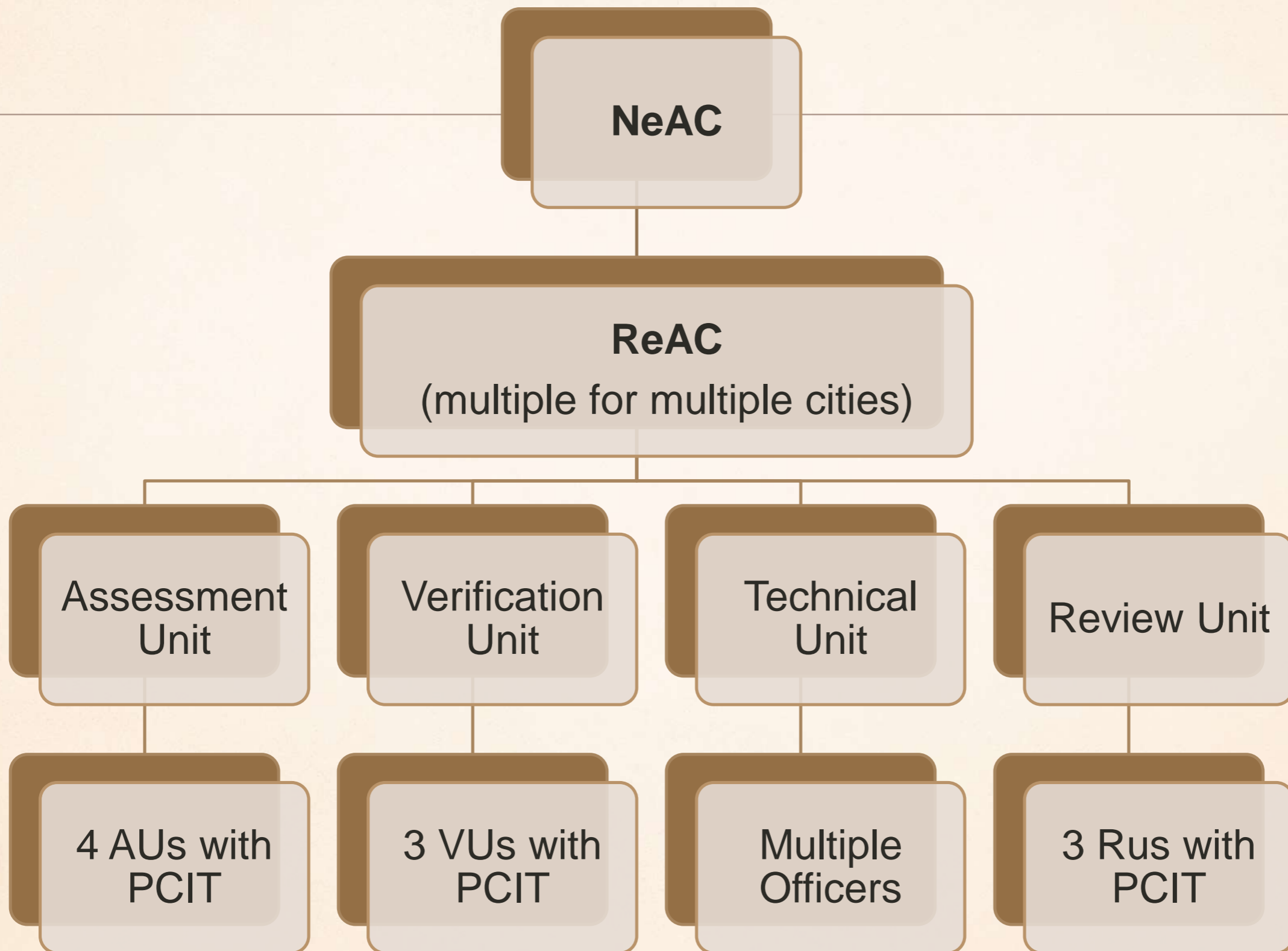
- ❖ Section 2 (23C) of ITA provides that “hearing” includes communication of data and documents through electronic mode (applicable from 01.06.2016).
- ❖ Board vide letter issued on 23rd June, 2017 revised format of notices u/s 143(2) of ITA. Para 3 of these notices provided that assessment proceedings in cases selected for scrutiny would be conducted electronically in ‘E-Proceeding’ facility through assessee’s account in E-filing website of Income-tax Department.

EXCLUSIONS



CBDT Order u/s 119 (F No. 187/3 /2020-ITA-I) dated 13.08.2020

HIERARCHY



FACELESS ASSESSMENT SCHEME

- ❖ For the purpose of faceless assessment, the CBDT would set up the below 'centres' and 'units' and specify their respective jurisdiction:
- ❖ A 'National e-Assessment Centre' to facilitate and centrally control the e-assessment (faceless) proceedings.
- ❖ 'Regional e-Assessment Centres' under the jurisdiction of the regional Principal Chief Commissioner for making assessment.
- ❖ 'Assessment units' for identifying points or issues, material for the determination of any liability (including refund), analysing information, and such other functions.

FACELESS ASSESSMENT SCHEME

- ❖ **Verification units** for enquiry, cross verification, examination of books of accounts, witness and recording of statements, and such other functions.
- ❖ **Technical units** for technical assistance including any assistance or advice on legal, accounting, forensic, information technology, valuation, transfer pricing, data analytics, management or any other technical matter.
- ❖ **Review units** for reviewing the draft assessment order to check whether the facts, relevant evidence and law and judicial decisions have been considered in the draft order.
- ❖ All the communications between all the units mentioned above, for the purpose of making an assessment under this scheme would be through the National e-Assessment Centre.

ASSESSMENT UNIT

- ❖ Identification of Points or Issues relevant for the determination of any liability (including refund)
- ❖ Seeking Information or Clarification on Points or Issues so identified
- ❖ Analysis of the Material furnished by the Assessee
- ❖ Such other functions as may be required for assessment purposes

VERIFICATION UNIT

- ❖ Enquiry
- ❖ Cross Verification
- ❖ Examination of Books of Accounts
- ❖ Examination of Witnesses and Recording of Statements
- ❖ Any other functions as may be required for verification purposes

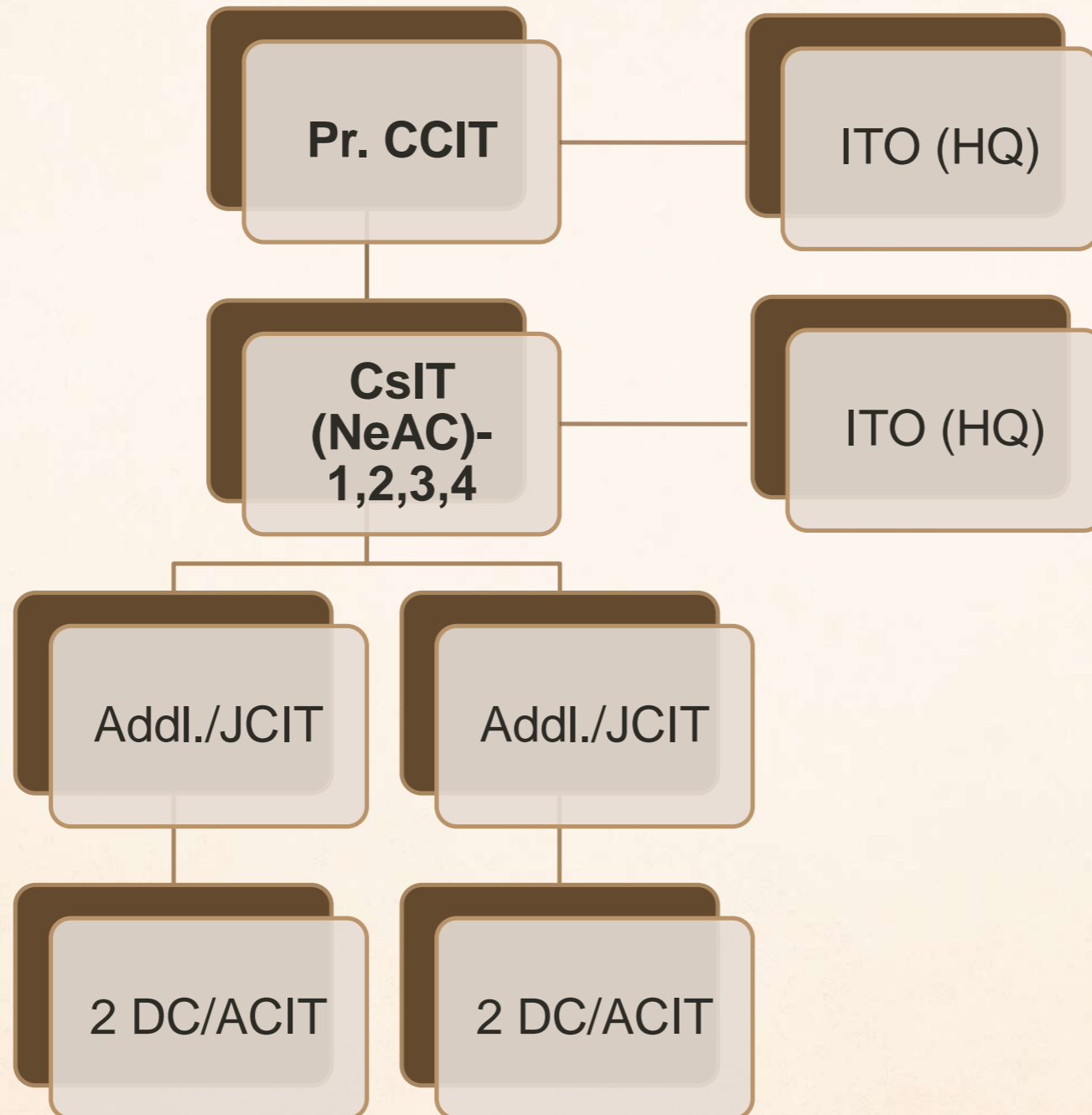
TECHNICAL UNIT

- ◆ Any Assistance or Advice on:
 - ◆ Legal
 - ◆ Accounting
 - ◆ Forensic
 - ◆ Information Technology
 - ◆ Valuation
 - ◆ Audit (inserted w.e.f. 13.08.2020)
 - ◆ Transfer Pricing
 - ◆ Data Analytics
 - ◆ Management

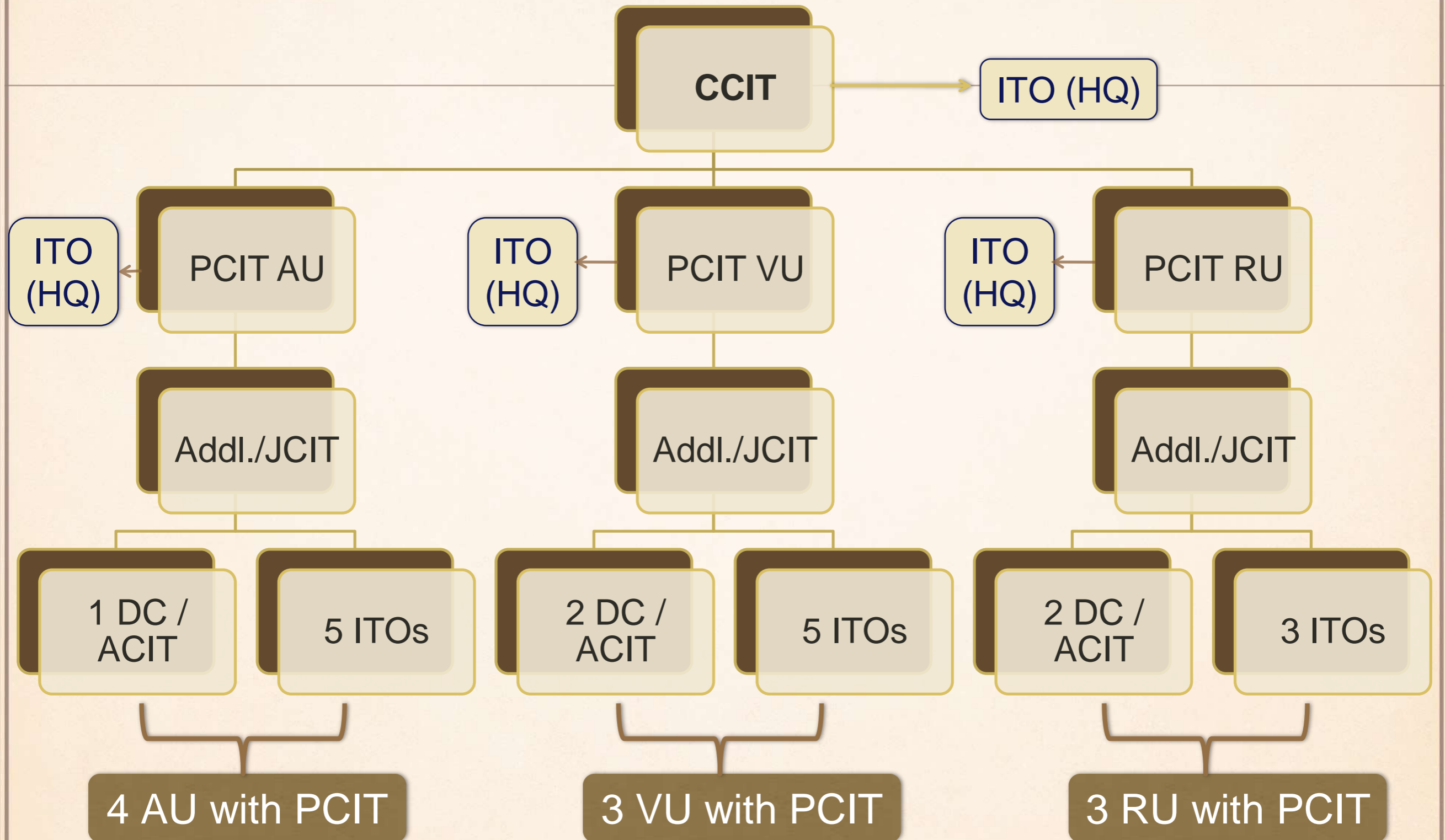
REVIEW UNIT

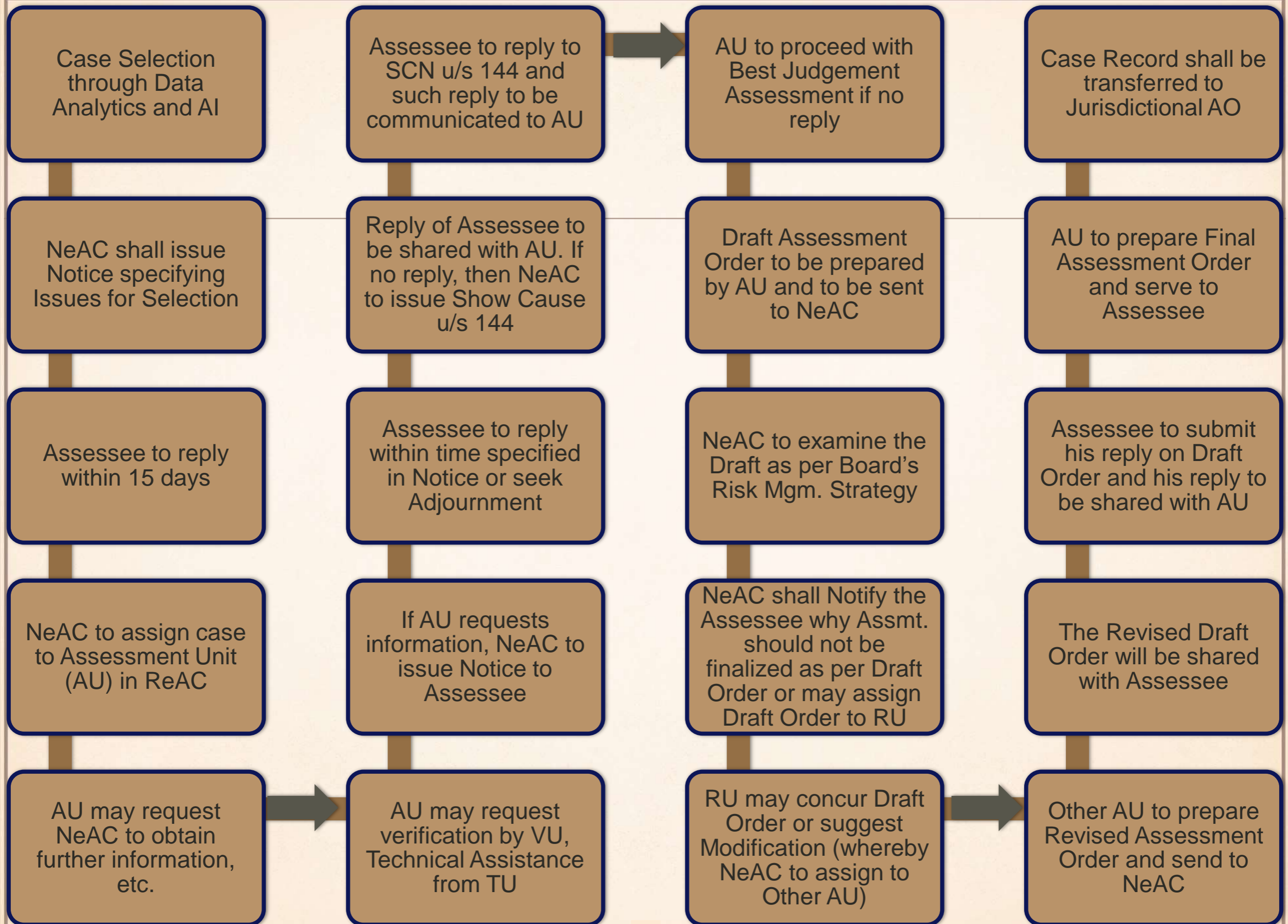
- ❖ Review of Draft Assessment Order including:
 - ❖ Checking whether material evidence has been brought on record
 - ❖ Whether relevant points of fact and law have been duly incorporated in the draft order
 - ❖ Whether issues on which addition / disallowance should be made have been discussed in draft order
 - ❖ Whether applicable judicial decisions have been considered and dealt with in draft order
 - ❖ Checking for arithmetical correctness of modifications proposed

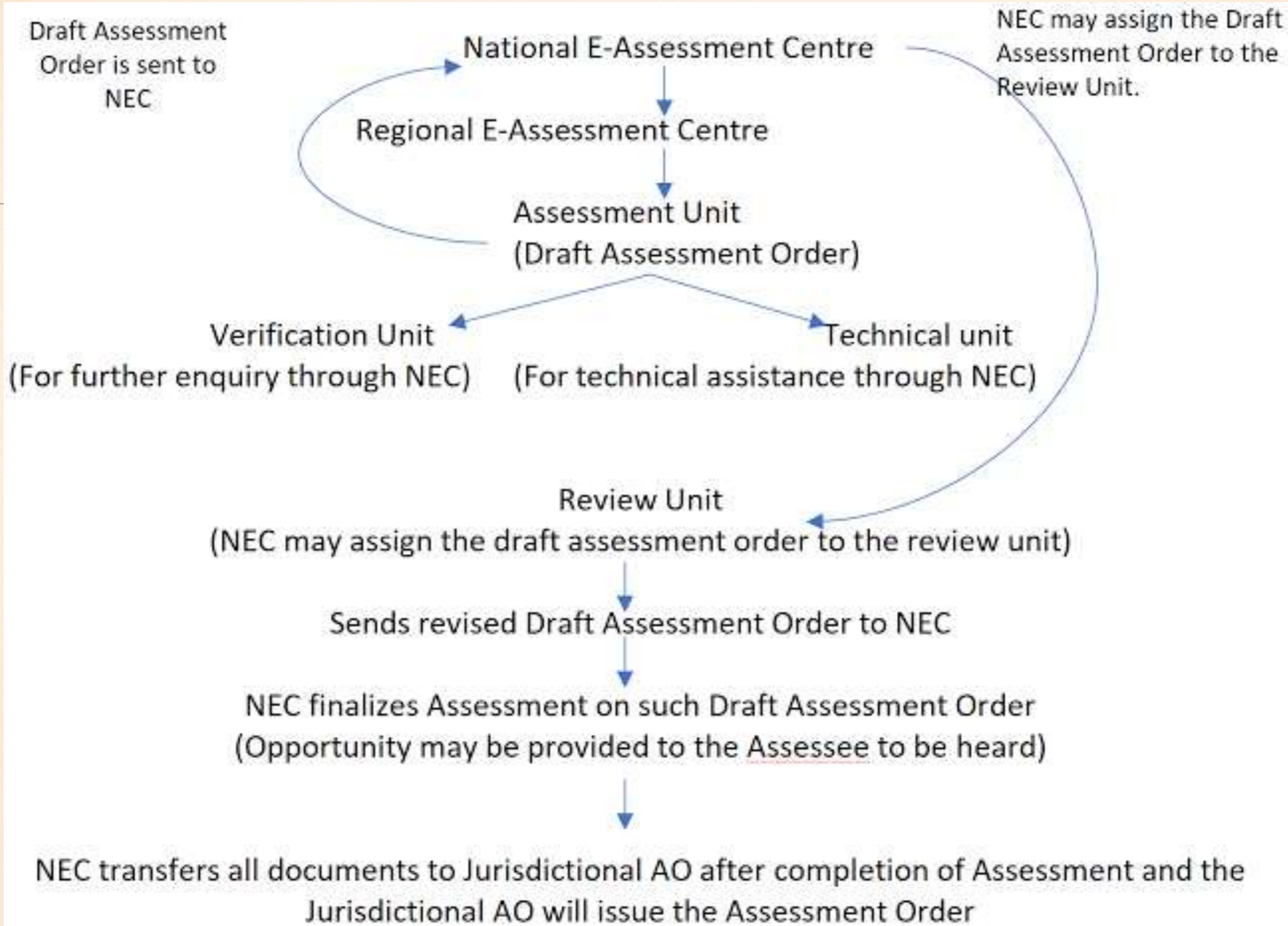
COMPOSITION OF NeAC, DELHI



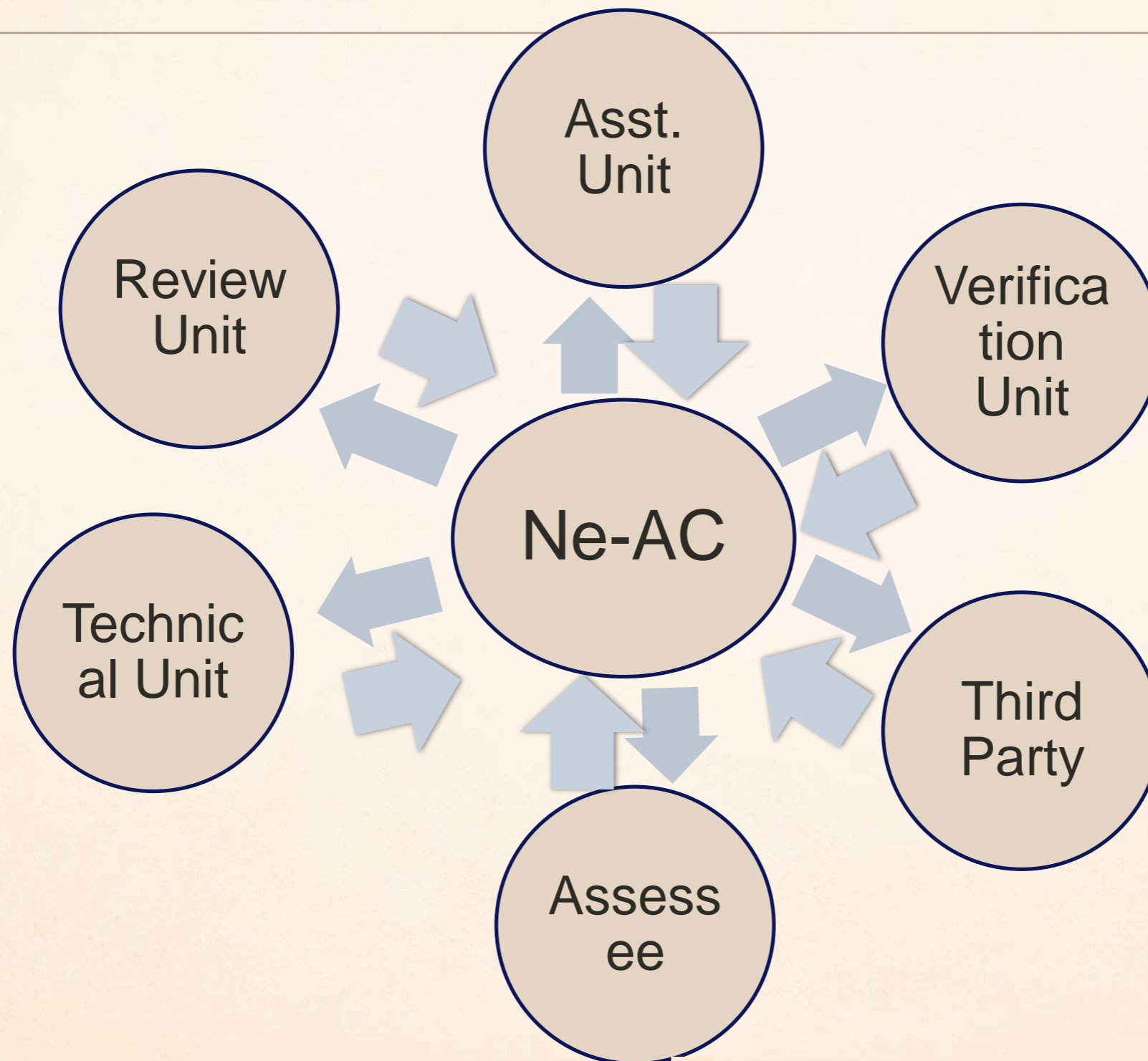
COMPOSITION OF ReAC







WORKING OF FACELESS ASSESSMENT CENTRE



PROCEDURE OF FACELESS ASSESSMENT

- ❖ Enquiry before assessment in e-mode – Notices u/s 142(1)(ii) shall be issued & delivered electronically to e-filing account of assessee.
- ❖ While replying to these notices assessee shall verify details as prescribed under Rule 14.
- ❖ Rule 14 prescribes the information furnished by assessee shall be verified in following manner : “I declare that to the best of my knowledge and belief, the information furnished in the statement / statements is correct and complete and other particulars shown therein are truly stated”.

PROCEDURE OF FACELESS ASSESSMENT

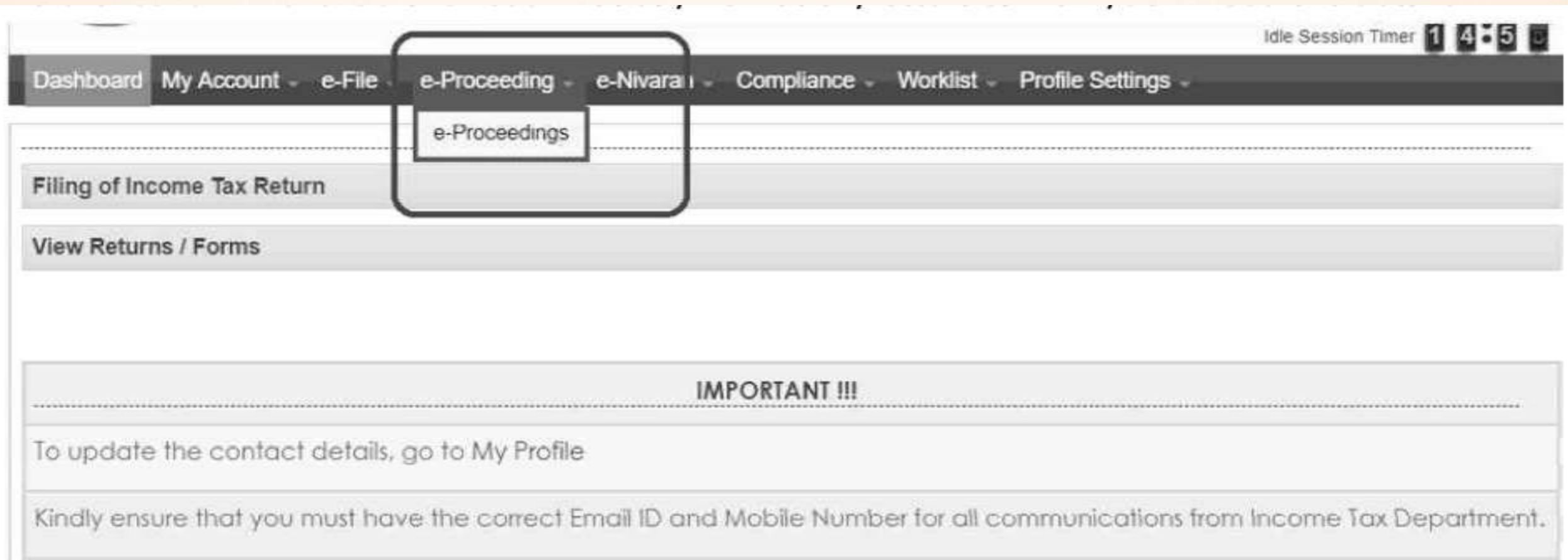
- ❖ Use of digital signature – All Orders, Notices & communications from NeAC will be digitally signed.
- ❖ All the **Notices shall be delivered to the assessee:**
 - ❖ placing an authenticated copy thereof in the assessee's registered account, or
 - ❖ sending an authenticated copy thereof to the registered email address of the assessee or his authorised representative, or
 - ❖ uploading an authenticated copy on the assessee's Mobile App, **and**
 - ❖ Followed by a **real time alert (SMS/E-mail)**
- ❖ **Notices without Document Identification Number (DIN) invalid.**
- ❖ Time for compliance: Online submissions may be filed till the office hours on the date stipulated for compliance.

PROCEDURE OF FACELESS ASSESSMENT

- ❖ Electronic submission facility shall automatically close 7 days before time barring date. In other situations, upon completion of proceedings, before passing the final order, concerned AO, on his volition, shall close the e-submission facility after mentioning in electronic order sheet that 'hearing has been concluded'.
- ❖ However, if required, in exceptional circumstances, the concerned AO may enable further filing of submissions electronically under intimation to the Range Head in ITBA.

RESPONDING TO E-PROCEEDING

- ❖ 1 Login to 'e-Filing' Portal @ www.incometaxindiaefiling.gov.in
- ❖ Step 2 Click on the 'e-Proceeding' menu and click 'e-Proceedings' link.



RESPONDING TO E-PROCEEDING

- ◆ Step 3 Details of Proceedings related to Self, such as PAN, Assessment year, Proceeding Name, Proceeding Status, Proceeding Limitation Date, Proceeding Closure Date and Action.

My Account - e-File - e-Proceeding - e-Nivaran - Compliance - Worklist - Profile Settings

iqs

Assessment Year	Proceeding Name	Opt for e-Proceeding	Proceeding Status	Proceeding Limitation Date	Action
2017-18	Assessment Proceeding u/s 143(3)	YES	Open	31/12/2019	-
2016-17	Assessment Proceeding u/s 143(3)	YES	Open	31/12/2018	-
2014-15	Grievance Application	YES <input type="button" value="Change"/>	Closed Closure Order <input type="button" value=""/>		-
2013-14	Grievance Application	YES <input type="button" value="Change"/>	Closed Closure Order <input type="button" value=""/>		-
2013-14	Grievance Application	YES <input type="button" value="Change"/>	Closed Closure Order <input type="button" value=""/>		-

RESPONDING TO E-PROCEEDING

- ❖ Step 4 Click on the 'Proceeding Name' hyperlink of the appropriate proceeding to view notice details.

My Account · e-File · e-Proceeding · e-Nivaran · Compliance · Worklist · Profile Settings

IGS

Assessment Year	Proceeding Name	Opt for e-Proceeding	Proceeding Status	Proceeding Limitation Date	Action
2017-18	Assessment Proceeding u/s 143(3)	YES	Open	31/12/2019	-
2016-17	Assessment Proceeding u/s 143(3)	YES	Open	31/12/2018	-
2014-15	Grievance Application	YES	Change Closed Closure Order		-
2013-14	Grievance Application	YES	Change Closed Closure Order		-
2013-14	Grievance Application	YES	Change Closed Closure Order		-

RESPONDING TO E-PROCEEDING

- ❖ Step 5 Additional details such as Notice/Communication reference ID, Notice u/s, Description, Issued On, Document Id, Served On, Response Due date and Response are displayed.

Dashboard My Account - e-File - e-Proceeding - e-Nivaran - Compliance - Worklist - Profile Settings -

e-Proceedings

Assessment Year - 2017-18 Proceeding Name - Assessment Proceeding u/s 143(3)

Reference ID	Notice Section	Description	Notice Issue Date	Document ID	Communication Sent Date	Due Date for Submission	Response
100000003101633	143(2)	[ITBA]Notice under section 143(2) of the Income Tax Act, 1961	14/08/2018	ITBA/AST/S/143(2)/2018-19/1011378223(1)	-	24/08/2018	Submit View

[Back](#)

Note :

1. Please click on the **Reference ID** hyperlink to view the Notice Details.
2. In order to submit the response click on the **Submit** hyperlink under Response Column.
3. To View the details of submitted Response, please click on **View** hyperlink.

RESPONDING TO E-PROCEEDING

- ❖ Step 6 To view the details of the notice, click on the 'Notice/Communication reference ID' link and to submit your response against that particular notice, click on the 'Submit' link under the 'Response' column.
- ❖ Step 7 Upon clicking on submit, a new page is opened where the Proceeding Name, Document Reference Id and Notice Section are pre-filled. Select the 'Response Type' from the dropdown (Partial Response/Full Response). Enter the 'Response/Remarks' in text box not exceeding 4000 characters. Select the 'Attachment Description' from the dropdown and attach the supporting scanned documents in PDF/Excel/CSV format, Read and tick on the declaration and click 'Continue' to proceed further.

e-Proceedings

PAN

Proceeding Name Assessment Proceeding u/s 143(3)

Assessment Year 2017-18

Document Reference ID 100000396826282

Notice Section 142(1)

Response Type

Select ▾
 Select
 Partial Response
 Full Response

Response/Remarks (Not exceeding 4000 characters)*

Sl. No.	Attachment Description	Attach scanned documents in .pdf, .xls, .xlsx and .csv format (Maximum 10 attachments with each not exceeding 10 MB)
1	<input type="checkbox"/> <input type="text" value="Select"/> <input type="text"/>	<input type="button" value="Choose File"/> No file chosen

I declare that to the best of my knowledge and belief, the information furnished in the statement/statements is correct and complete and other particulars shown therein are truly stated.

RESPONDING TO E- PROCEEDING

- ❖ Maximum of 10 attachments can be submitted in a single response submission and any number of submissions can be made in response to a single notice/intimation/order. Maximum size for each attachment should not exceed 10MB each.
- ❖ If number of document exceeds ten in number, kindly prefer multiple submission in response to the notice by choosing the response type as "Partial Response". In case of multiple partial response is made, while submitting the last of the partial response, the response type be chosen as "Full response" so as to indicate that you have nothing further more to submit in response to the notice. Also, in case of Multiple Submissions, the File Name and Description Name should not be repeated.
- ❖ In case, the notice is related to Sec 142(1) [Calling of return]/148/153A/153C, upon click of submit, the assessee shall be re-directed to 'e-File->Income Tax Return' page, where he/she can upload the Income Tax Return.

RESPONDING TO E- PROCEEDING

- ◆ The File name of the attachment should not contain any special characters like:

/

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&

,

;

:

Space

- ◆ File Name can contain:
 - (hyphen)
 - _ (underscore)

RESPONDING TO E- PROCEEDING

- ❖ Step 8 The Submission can be e-Verified using Electronic Verification Code (EVC) / Aadhaar OTP / Digital Signature Certificate (DSC) if applicable.
- ❖ Step 9 A success message will be displayed confirming the submission of response.

e-Proceedings

[Click here to download the Acknowledgement Receipt](#)

PAN	
Proceeding Name	Assessment Proceeding u/s 143(3)
Assessment Year	2017-18
Document Reference ID	100000396826282
Notice Section	142(1)

Served On	
Description	[ITBA]Notice u/s 142(1)of Income Tax Act 1961.
Response Type	Full Response
Response/Remarks	As attached.

SI.No.	Attachment Description	Others Description	Attachment
1	Others		Attachment_1-
2	Others		Attachment_2-
3	Others		Attachment_3-

[Back](#)

e-Proceedings Response Acknowledgement

INCOME TAX DEPARTMENT

PROCEEDING DETAILS

PAN/TAN	
Name	
Assessment Year	2017-18
Proceeding Name	Assessment Proceeding u/s 143(3)
Document Reference ID	100000027479125
Notice Section	142(1)
Description	[ITBA]Notice u/s 142(1)of Income Tax Act 1961.
Notice Issue Date	14-06-2019
Due Date for Submission	20-06-2019
Communication Sent date	
Document Id	ITBA/AST/F/142(1)/2019-20/1016360392(1)

RESPONSE SUBMITTED

Response Type	Full Response
Response/Remarks	As attached.
Hash * value of remarks	dxvooylotFeF6guoDsDJcccQxmAhjO6Lv9n7OhCnlH4=

Sl No.	Attachment name	Description	Others	Size	Hash * value of attachment
			Description	(bytes)	
1	Attachment_1-Submission.pdf	Others	Submission	58563	dAND08TmCDFw5ZqELyUq
			Letter		t54dynWnDAVcevkfdlw so4=

ACKNOWLEDGEMENT OF SUBMISSION LETTER

SAMPLE FORMAT OF SUBMISSION LETTER

From,

Date: December 06, 2019

To,
The Asst. Comm. of Income Tax - 32(1),
702, 7th Floor, Kautilya Bhavan,
BKC, Bandra (E), Mumbai - 400 051.

Respected Sir,

Ref.: PAN No.

Sub.: Submission of Details in response to Notice u/s 142(1) for A.Y. 2017-18

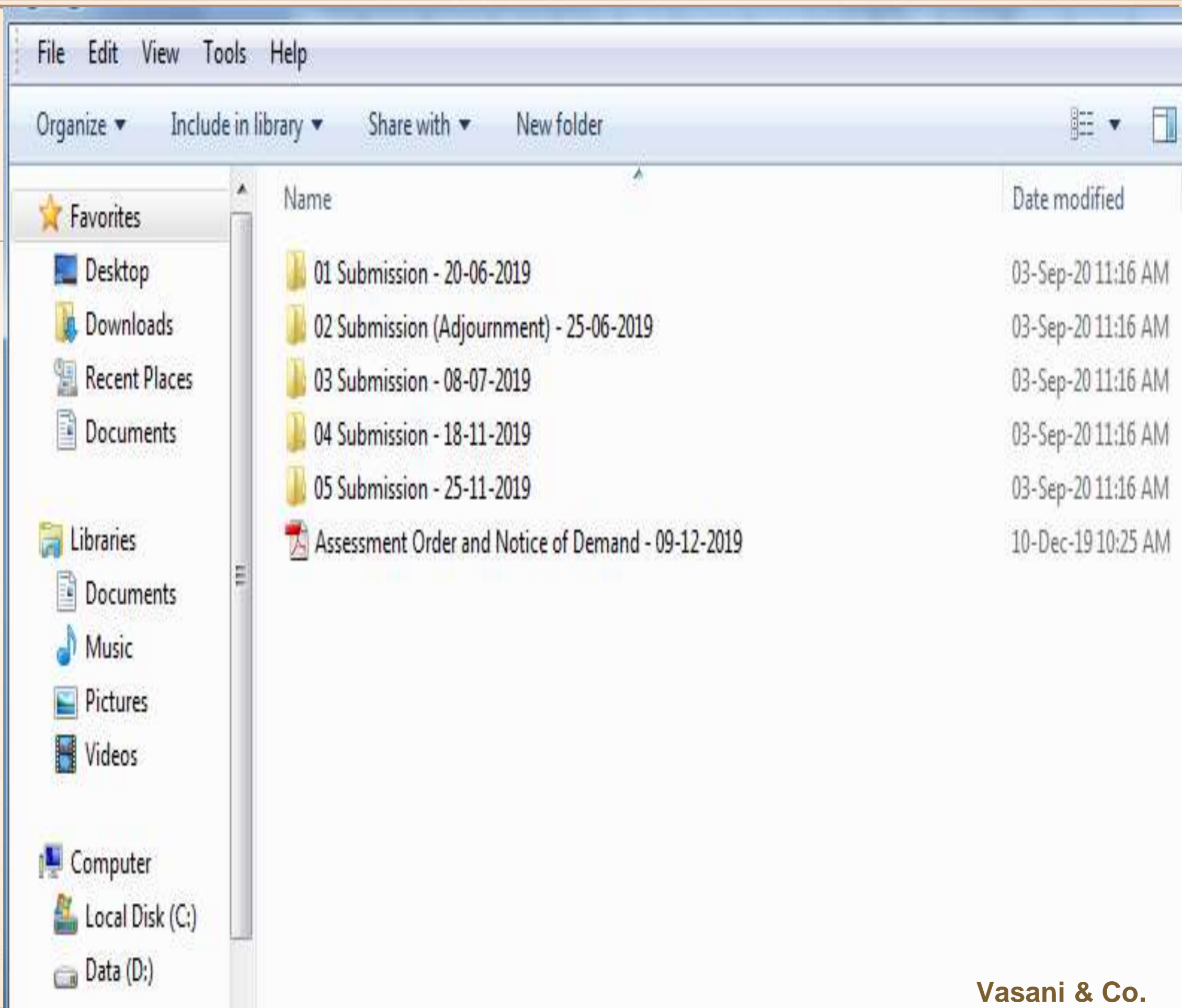
With reference to the above Notice issued u/s 142(1), I would like to submit as under:

1. Details relating to Payment for Flat Purchase: Please refer Attachment "2" for the same.
2. Relevant Pages of Agreement reflecting Purchase of Flat: Please refer Attachment "3" for the same.
3. Bank Statements reflecting Payment for Property Purchase: Please refer Attachment "4" for the same.

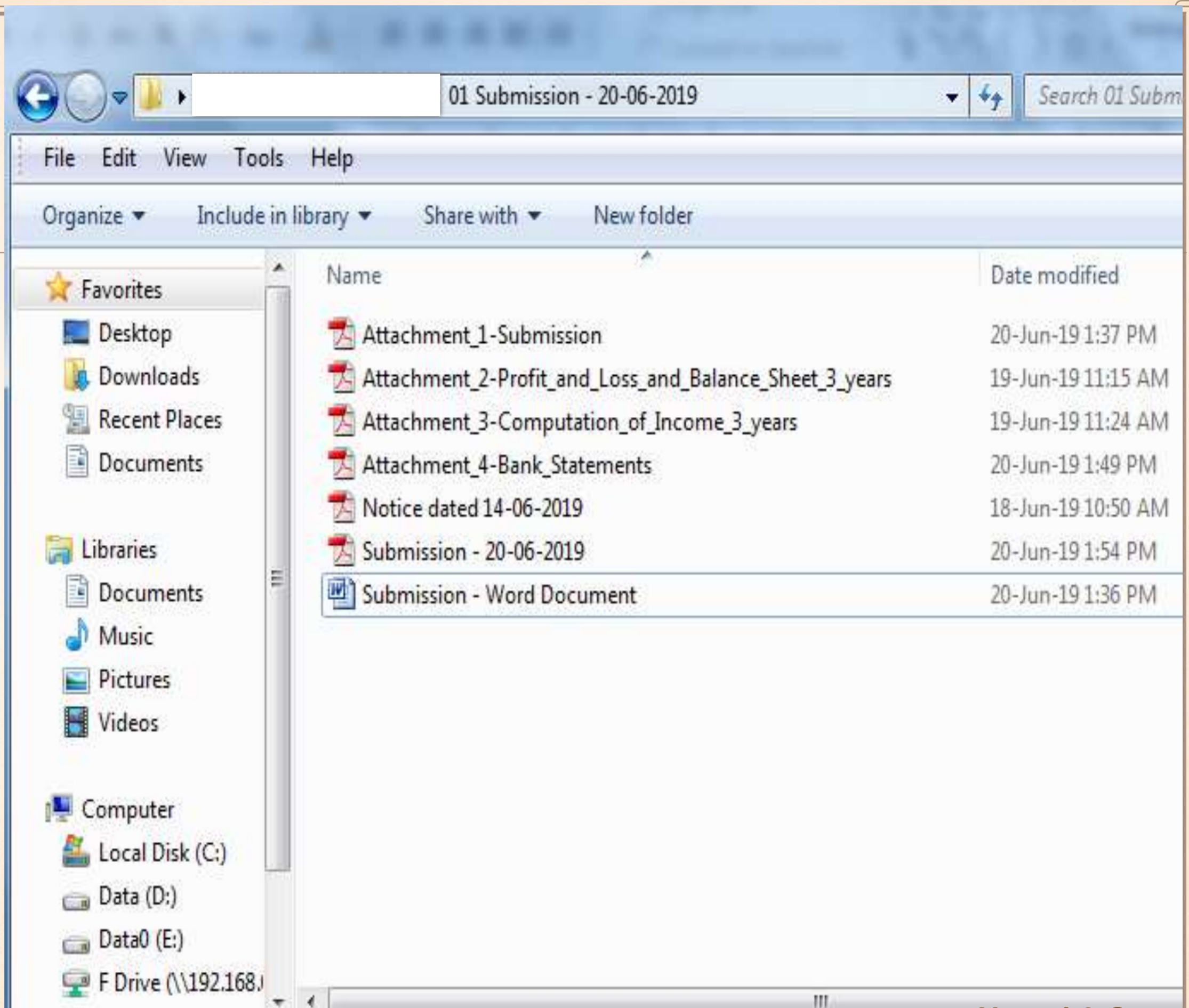
In case you require any further information/clarification, I shall be glad to furnish the same and for furnishing the Balance Details, please provide me date after 5 (Five) days as per your convenience.

Thanking You,
Yours Faithfully,

SAMPLE FORMAT OF SAVING SUBMISSIONS



SAMPLE FORMAT OF SAVING SUBMISSIONS



STEPS TO ADD AUTHORIZED REPRESENTATIVE

- ❖ Step 1 Logon to 'e-Filing' Portal
www.incometaxindiaefiling.gov.in
- ❖ Step 2 Post login, click on the 'e-Proceeding' menu and click 'e-Proceedings' link.
- ❖ Step 3 A new page will appear showing the details of the notices (if available) such as PAN, Assessment year, Proceeding Name, Proceeding Status, Proceeding Limitation Date, Proceeding Closure Date and Action.
- ❖ Step 4 Click on 'Add/View Authorized Representative [AR]' hyperlink available under the Action column.

STEPS TO ADD AUTHORIZED REPRESENTATIVE

- ❖ Step 5 Select the 'Authorized Representative Type' from the dropdown. An Authorized representative can be a
 - ❖ ✓ Chartered Accountant
 - ❖ ✓ Related Person
 - ❖ ✓ Employee
 - ❖ ✓ Officer of a Scheduled Bank
 - ❖ ✓ Any Legal Practitioner
 - ❖ ✓ Person who has passed Recognized Accountancy Examination
 - ❖ ✓ Person with prescribed Education qualification
 - ❖ ✓ Income-tax Practitioner or others qualified practitioner as per section 288

STEPS TO ADD AUTHORIZED REPRESENTATIVE

- ❖ Step 6 If the representative is a Chartered Accountant, then enter the 'Membership Number' and for other representative types enter the 'PAN'. All the other fields such as Name, Mobile and e-mail will be auto populated (masked). Click the 'Add Authorized Representative' button. A dialogue box with registered mobile number and email ID will be displayed to the user. Click 'Confirm' button to receive the OTP in the registered mobile number and email ID.
- ❖ Step 7 • A six digit OTP will be sent to your registered mobile number and registered email ID. • Enter the six digit OTP --> Click 'Validate' to complete the request submission. request has been raised.

STEPS TO ADD AUTHORIZED REPRESENTATIVE

- ❖ Step 8 A Success message will be displayed confirming the request submission.
- ❖ Note: After submitting, an alert message will be sent to the Authorized Representative's e-mail ID and mobile number intimating that a request has been raised.

STEPS TO ACCEPT AUTHORIZED REPRESENTATIVE

- ❖ Step 1 Logon to 'e-Filing' Portal
www.incometaxindiaefiling.gov.in
- ❖ Step 2 Go to 'Worklist' tab --> Click 'For Your Action' hyperlink.
- ❖ Step 3 Click 'e-Proceeding Worklist'.
- ❖ Step 4 Click on the 'Accept/Reject' hyperlink available under the Action column.

STEPS TO ACCEPT AUTHORIZED REPRESENTATIVE

- ❖ Step 5 : Click on 'Accept' and Attach the PDF copy of notarized Power of Attorney (POA) received from the assessee, Read and click on the declaration on accepting the request and click on Accept button. e-Verifying the acceptance through EVC or DSC is mandatory.
- ❖ Step 6 To Reject the request: Click on the 'Reject' and Enter the 'Remarks'.
- ❖ Note The Authorized Representative should either accept or reject the request within 7 days from the date of raising the request.

BEST PRACTICES FOR SCANNING

- ❖ Scan Settings • Set the Scan Clarity to at least 300 DPI. • Choose the format of saving the document as PDF and name the document appropriately. • Scan the document in Black and White only. • Please ensure that the document is not password protected.
- ❖ Scanning Source Documents • Scan only the original document. • Ensure that the document size is A4 or letter size only. • If there are multiple pages, kindly scan all the pages into a single file and ensure that the final size of the PDF does not exceed more than 10 MB each.
- ❖ To avoid poor quality • Please ensure the original Document that is being scanned is clear and not faded. • If the documents are handwritten, please ensure that it is clear and legible. • Please ensure documents are free from ink bleeding or smudging.

SOFTWARE REQUIREMENTS

- ❖ Mozilla Firefox (version 22.0, 21.0, 20.0 and above)
- ❖ Google Chrome (version 26.0.x, 27.0.x, 28.0.x and above)
- ❖ Internet Explorer (version 9.0, 10.0 and above)
- ❖ Safari (version 4.0, 5.0 and above)
- ❖ Operating System – Windows XP with Service Pack 3 / Windows 7 / Windows 8 / Latest Linux and Mac OS 10.10 (OS X Yosemite)

ISSUES IN SUBMISSION

- ❖ Software and Hardware – Scan issues and Operating System
- ❖ Willingness and Approach
- ❖ Internet Connectivity and Website Operations
- ❖ Deadlines and Due Dates
- ❖ Working Hours – Whether Submission made at 7.00 pm will be considered on same day or another day
- ❖ If pdf size is reduced then whether lower quality of scan will be visible and accepted
- ❖ Practical issues on submitting large Agreements, Plan Copies, etc.

MANUAL SUBMISSION

- ❖ A particular proceeding may take place manually in following situation(s):
 - ❖ where books of accounts or original documents have to be examined manually
 - ❖ Where AO invokes provisions of section 131 of ITA or a notice is issued for carrying out third party enquiries/investigations
 - ❖ Where examination of witness is required to be made by the concerned assessee or the department
 - ❖ Where modification is proposed in the draft assessment order and assessee requests for personal hearing to explain the matter

APPEARANCE OF TAXPAYER BEFORE THE CENTRE & UNITS

- ❖ A person is not required to appear either personally or through authorized representative in connection with any proceedings under this scheme before the income tax authority at the National e-Assessment Centre or Regional e-Assessment Centre or any unit set up under this scheme.
- ❖ In a case where a modification is proposed in the draft assessment order, the taxpayer will be given an opportunity to make submissions against such modifications. The taxpayer or his authorized representative is also entitled to a personal hearing before income tax authority in any unit under this scheme. Such hearing would be conducted exclusively through video conferencing, including through video telephony, in accordance with the procedure laid down by the CBDT.

APPEARANCE OF TAXPAYER BEFORE THE CENTRE & UNITS

- ❖ An income tax authority has the power to examine a taxpayer or record the statement of any taxpayer under this scheme. The income tax authority would do the same through video conferencing or video telephony.
- ❖ The income tax authority in this case would be Verification Unit.
- ❖ For the purpose of facilitating the scheme, the CBDT shall establish suitable facilities for video conferencing and video telephony at such locations as may be necessary.

VIDEO CONFERENCING

- ❖ Available only with the permission of PCIT
- ❖ Even Authorized Representative will be allowed with permission
- ❖ Entire hearing will be recorded
- ❖ It is not yet notified:
 - ❖ From where (home or department) will the video conferencing be carried out
 - ❖ Whether there will be 2-way communication or just recording by the Assessee

MANPOWER DIVERSION

2/3rd of Existing Manpower: (Faceless)

- ❖ To be utilized for Effective Management of Faceless Scheme.

1/3rd of Balance Manpower: (Jurisdictional)

- ❖ Recovery of Taxes / Demand Management
- ❖ Rectification Proceedings
- ❖ Addressing Grievances
- ❖ Pass Orders giving effect to Appellate Orders
- ❖ Management of Case Records
- ❖ Outreach Programme

SURVEY U/S 133A

- ❖ Assessments where survey u/s. 133A (including cases where documents have been impounded) shall also be carried out by the NeAC under the Faceless Scheme.
- ❖ Further, w.e.f. 13th August, 2020, CBDT has directed that officers posted in the Directorates of Investigation (Investigation wing) and Commissionerates of TDS only and exclusively act as 'income-tax authority' for the purposes of power of Survey u/s. 133A.
- ❖ Competent authority for approval of survey – DGIT(Inv.) for Investigation wing or Pr.CCIT/CCIT(TDS) for TDS charges.

QUANTUM OF WORK OF INVESTIGATION DEPARTMENT

- ❖ Although the Investigation Department has now been vested with survey powers, their work is considerably reduced as:
 - ❖ Suspicious Purchases already been caught
 - ❖ Penny Stock already detected
 - ❖ Unexplained Cash Credits (Loans) already identified
 - ❖ Greater transparency in all fields (Income Tax, GST, ROC, etc.) making it inevitable to escape income leading to less exploitation of investigation team

SECTION 274 (2A) & (2B) (PENALTY)

- ❖ **Section 274(2A):**
 - ❖ The Central Government may make a scheme, by notification in the Official Gazette, for the purposes of imposing penalty under this Chapter so as to impart greater efficiency, transparency and accountability by—
 - (a) eliminating the interface between the Assessing Officer and the assessee in the course of proceedings to the extent technologically feasible;
 - (b) optimizing utilization of the resources through economies of scale and functional specialization;
 - (c) introducing a mechanism for imposing of penalty with dynamic jurisdiction in which penalty shall be imposed by one or more income-tax authorities.
- ❖ **Section 274(2B):**
 - ❖ The Central Government may, for the purposes of giving effect to the scheme made under sub-section (2A), by notification in the Official Gazette, direct that any of the provisions of this Act relating to jurisdiction and procedure for imposing penalty shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in the notification.

PENALTY PROCEEDINGS

- ❖ The Assessment Unit shall specify the penalty to be levied in the Assessment Order, if any.
- ❖ Penalty for non-compliance of Notice / Order / Direction of the NeAC shall be dealt with by the NeAC.
- ❖ SCN for Penalty levied upon the additions made in the Assessment (u/s. 270A, 271AAC, etc.) shall be issued by the NeAC.
- ❖ The NeAC shall levy the penalty as per the said draft order of penalty and serve a copy of the same along with demand notice on the assessee and thereafter transfer electronic records of the penalty proceedings to the Assessing Officer having jurisdiction over the said case for such action as may be required under the Act.

SECTION 250 (6B) & (6C) (FACELESS APPEALS)

- ❖ **Section 250(6B):**
 - ❖ The Central Government may make a scheme, by notification in the Official Gazette, for the purposes of disposal of appeal by Commissioner (Appeals), so as to impart greater efficiency, transparency and accountability by—
 - (a) eliminating the interface between the Assessing Officer and the assessee in the course of proceedings to the extent technologically feasible;
 - (b) optimizing utilization of the resources through economies of scale and functional specialization;
 - (c) introducing an appellate system with dynamic jurisdiction in which appeal shall be disposed of by one or more Commissioner (Appeals).
- ❖ **Section 250(6C):**
 - ❖ The Central Government may, for the purposes of giving effect to the scheme made under sub-section (6B), by notification in the Official Gazette, direct that any of the provisions of this Act relating to jurisdiction and procedure for disposal of appeals by Commissioner (Appeals) shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in the notification.

FACELESS APPEALS

- ❖ All the Appeals before the Commissioner of Income Tax (Appeals) shall be carried out in faceless manner w.e.f **25th September, 2020**.
- ❖ As the assessments as well as the CIT(Appeals) shall be done in faceless manner completely electronically, all the data submitted during the course of assessment proceedings should be accessible by the **TEAM OF COMMISSIONER (APPEALS)** acting under the Faceless Scheme.
- ❖ Scheme for faceless appeals yet to be introduced.

Practical Issues Relating to Procedural Part of Faceless Assessment

ISSUES: SECTION 131, 133 & 133C

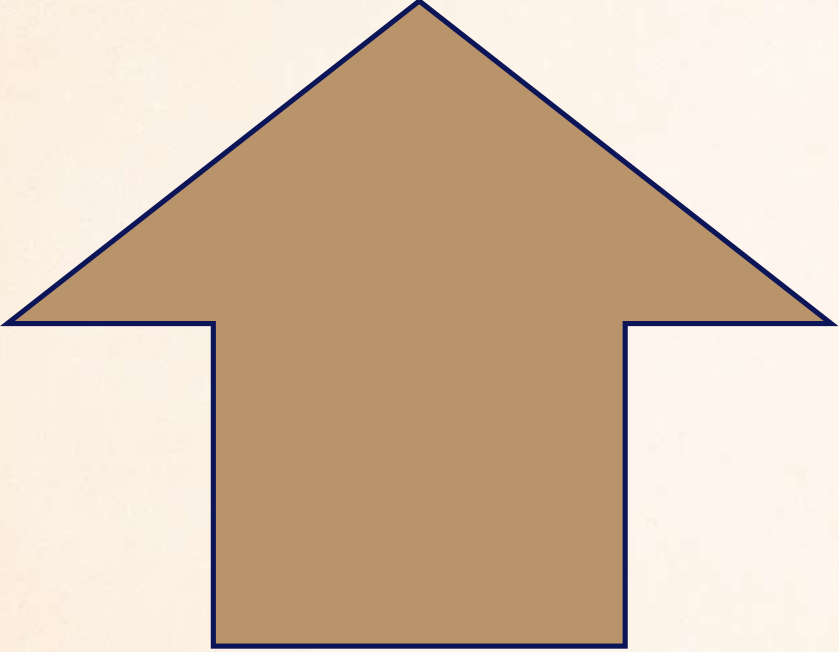
Section 131, 133 & 133C:

Issue of summons &
calling of information

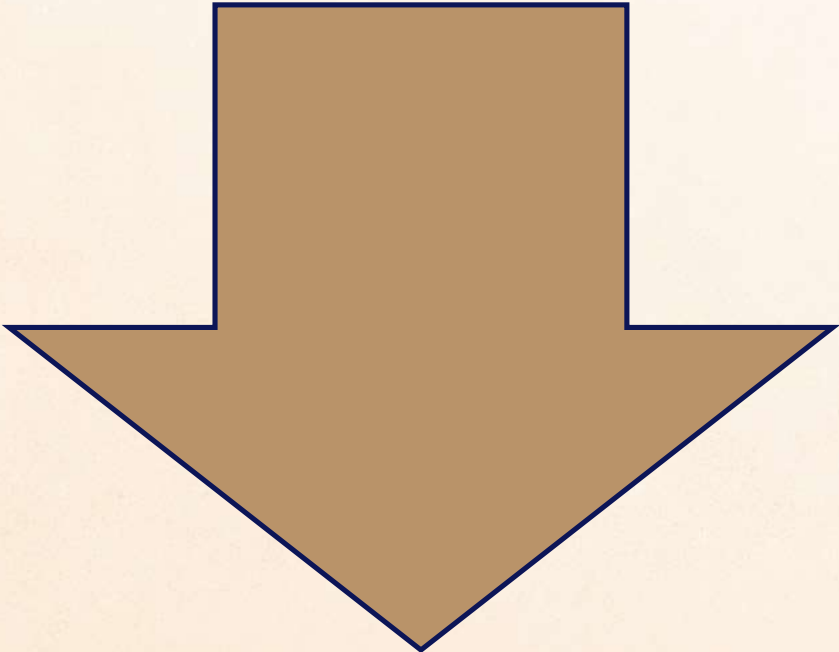
At what stage shall the Assessee be confronted with the recorded statement / information and how will he be given an opportunity of cross examination, if required, or seeking any counter information as may be necessary? If Assessee is provided with information in Draft AO stage, then he shall have limited time to cross examine.

ISSUES: SECTION 133A

Section 133A:



Providing copies of material impounded during Survey proceedings



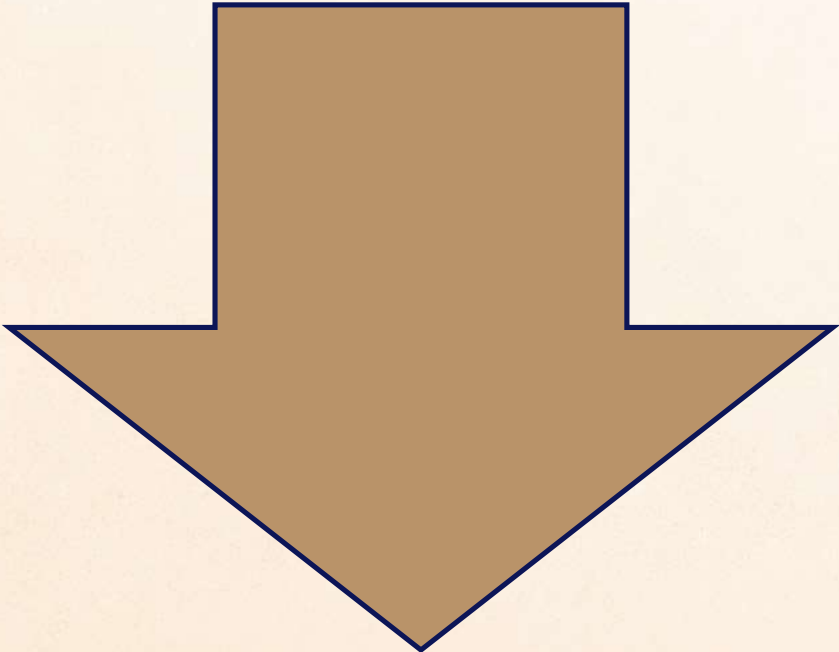
How and from whom the Assessee can seek copies of material impounded during Survey?

ISSUES: SECTION 142A



Section 142A:

Estimation of value of
assets by Valuation
Officer



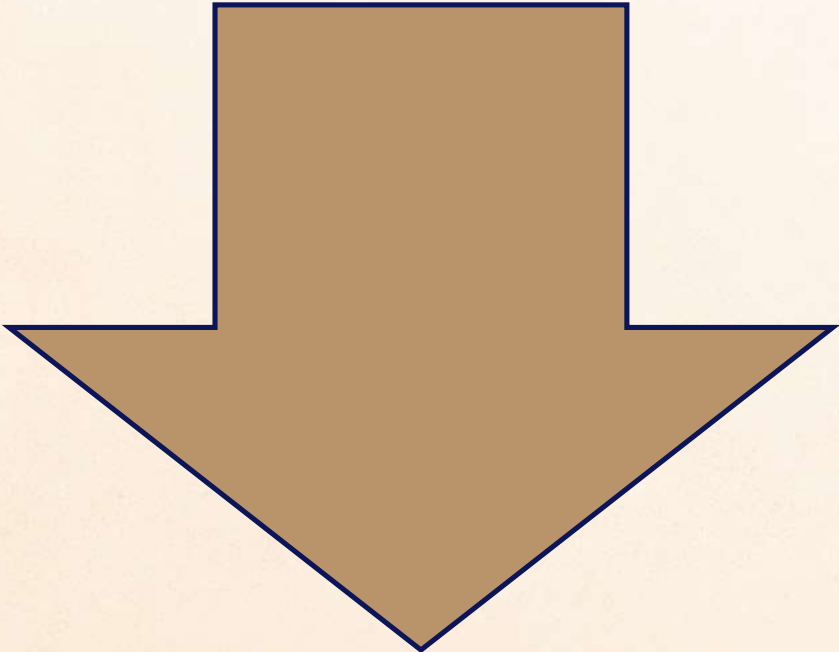
Who shall apply and
how shall the reference
be made to the
Valuation Officer?

ISSUES: SECTION 144A



Section 144A:

Power of Joint Commissioner to issue directions in certain cases



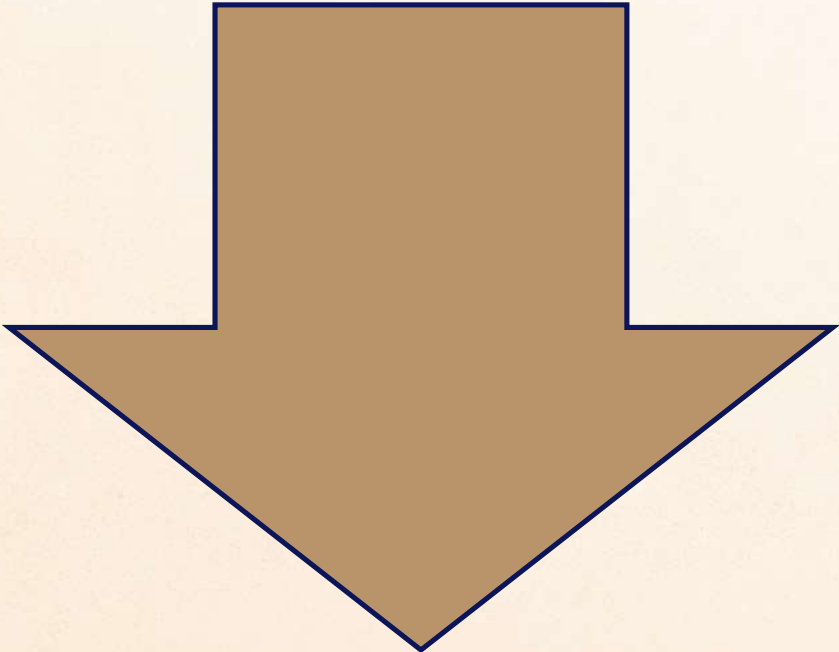
What will be the scope of operation of the current provisions under Section 144A in relation to the Powers of a Joint Commissioner to Issue Directions in certain cases, either suo-motu or on reference by either the AO or the Taxpayer?

ISSUES: SECTION 147



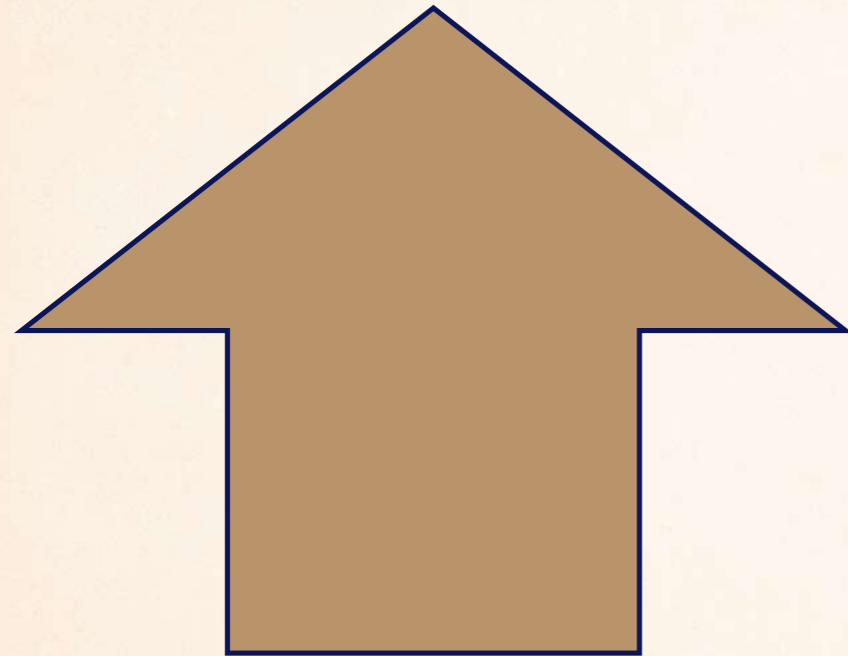
Section 147:

Re-opening by Jurisdictional AO for income escaping assessment



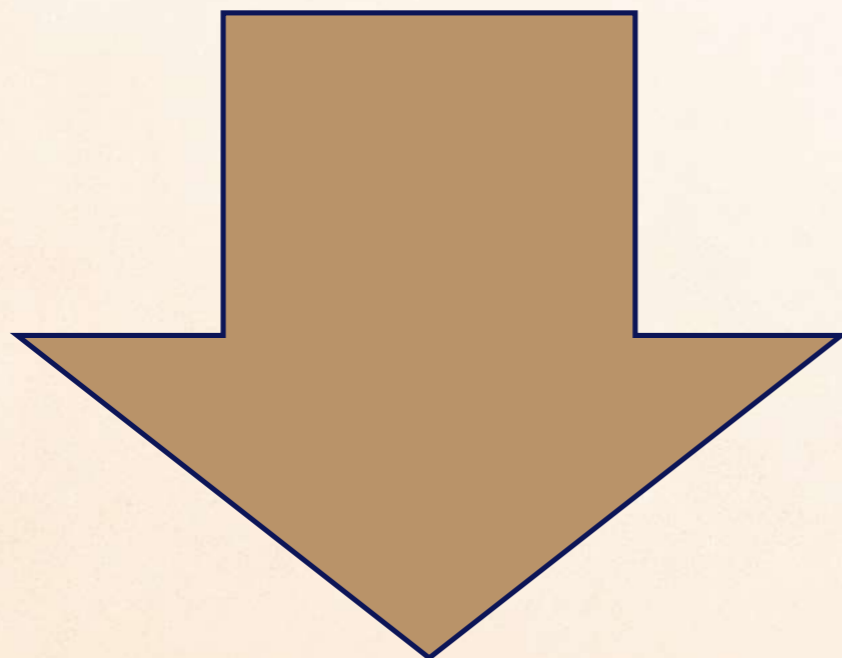
The scope and powers of 'Re-opening' u/s 147, as proposed to be retained with the Jurisdictional AO, should be restricted in a manner that the 'reasons to believe' do not pertain to any issue which has been duly considered, either by the 'Assessment or Review Units' under FAS.

ISSUES: SECTION 147



Section 147:

Procedure w.r.t. disposal of objections against re-opening of assessment



The jurisdiction for re-opening of assessment rests with the Jurisdictional AO and also the reasons for re-opening shall be recorded by him. Thereafter, the re-assessment shall be framed by NeAC. In such case, who shall be responsible or disposing the objections raised – Jurisdictional AO or NeAC/

ISSUES: SECTION 153

Section 153:

Time limit for completion of assessment, reassessment and re-computation

Time limit for completion of Assessment for A.Y. 2018-19 has been extended to 31/03/2021. Similarly, for A.Y. 2019-20, it has been extended to 30/09/2021.

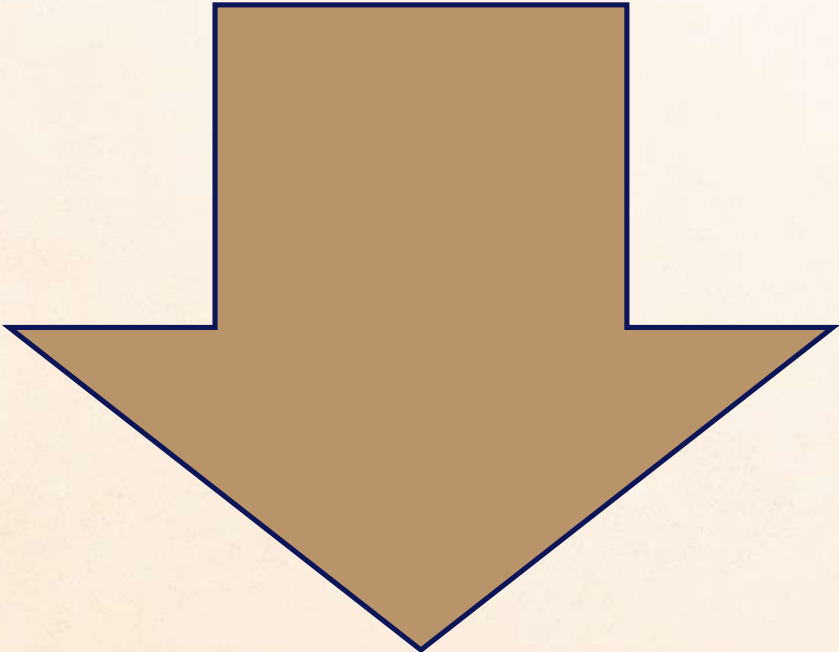
Keeping in view the fact that both, the Department and the Taxpayers, shall be required to face the challenge of completion of Assessment Proceedings for two years within the next 6 to 12 months, time management will be of critical importance for both.

ISSUES: SECTION 154



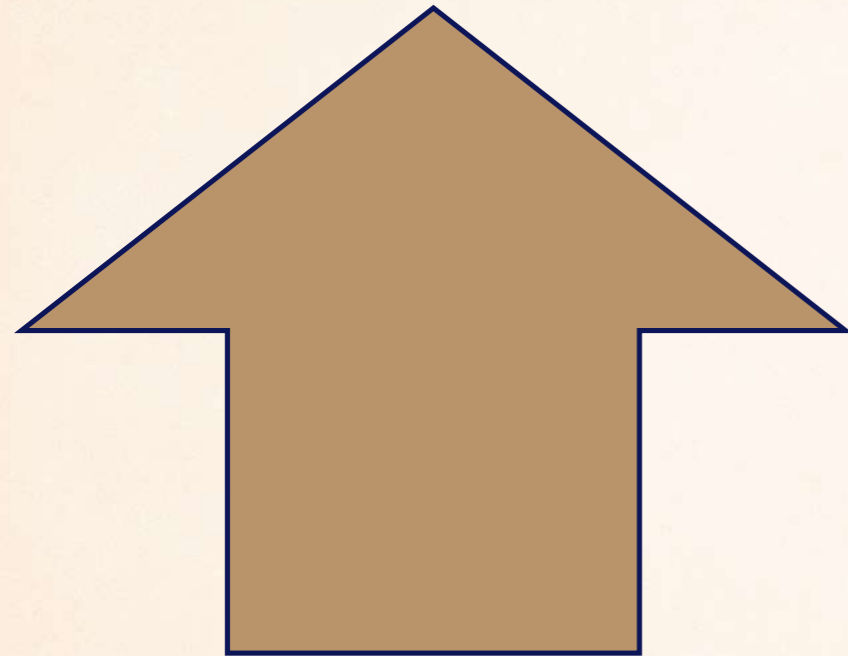
Section 154:

Rectification by Jurisdictional
AO



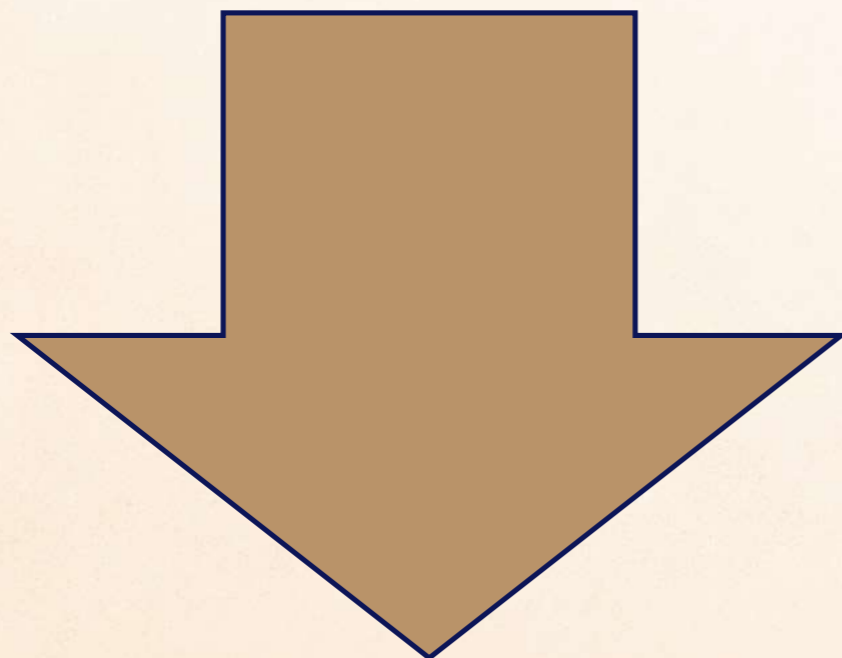
AO may not be in a mindset to rectify any mistakes, on the count that the Order has been passed by a Team of Officers, whose collective wisdom may not be reviewed by him.

ISSUES: SECTION 241A



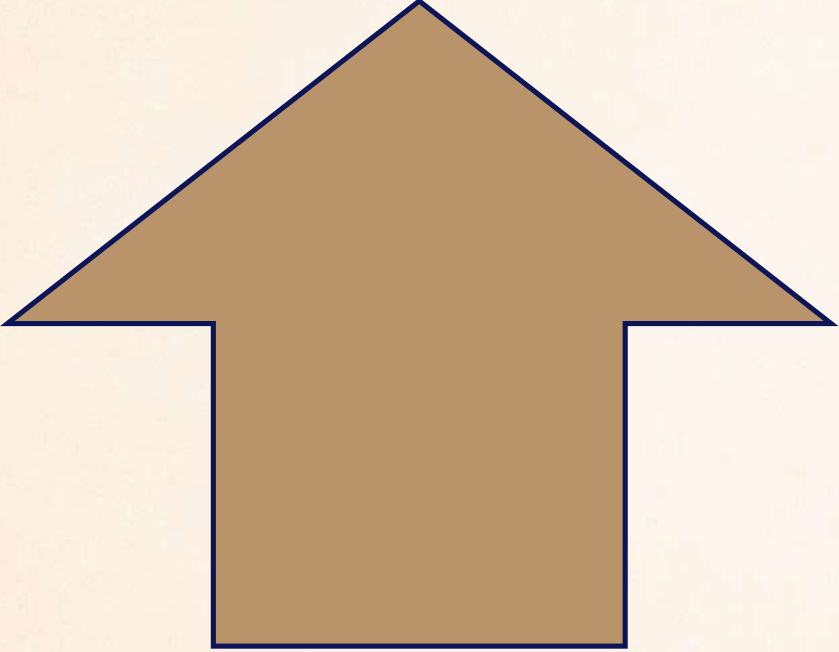
Section 241A:

Withholding of Refund



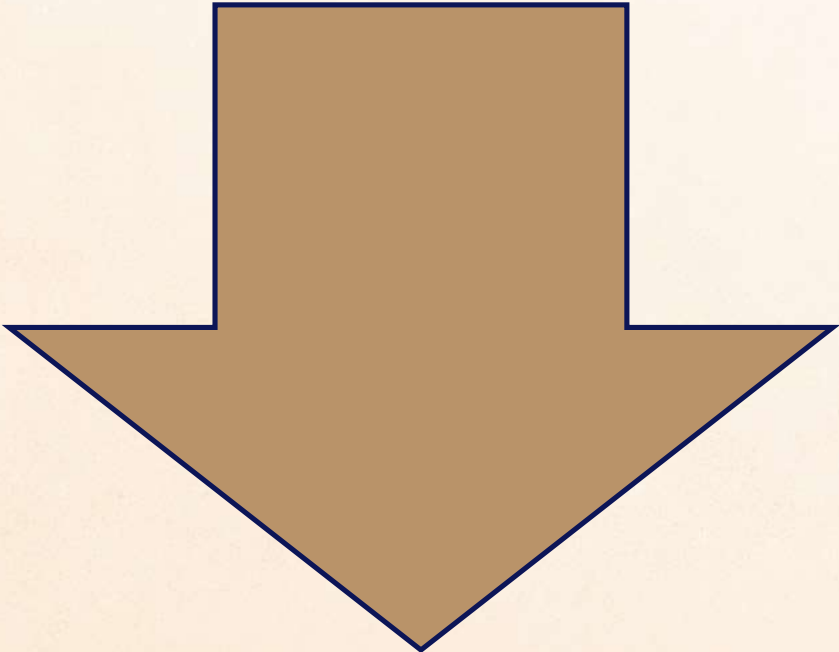
The present provisions empower a Jurisdictional AO to withhold Refund, adversely affecting the Revenue, by passing a reasoned order and with the previous approval of the CIT. What will be the scope of this provision under the new FAS and how will it be administered?

ISSUES: SECTION 263



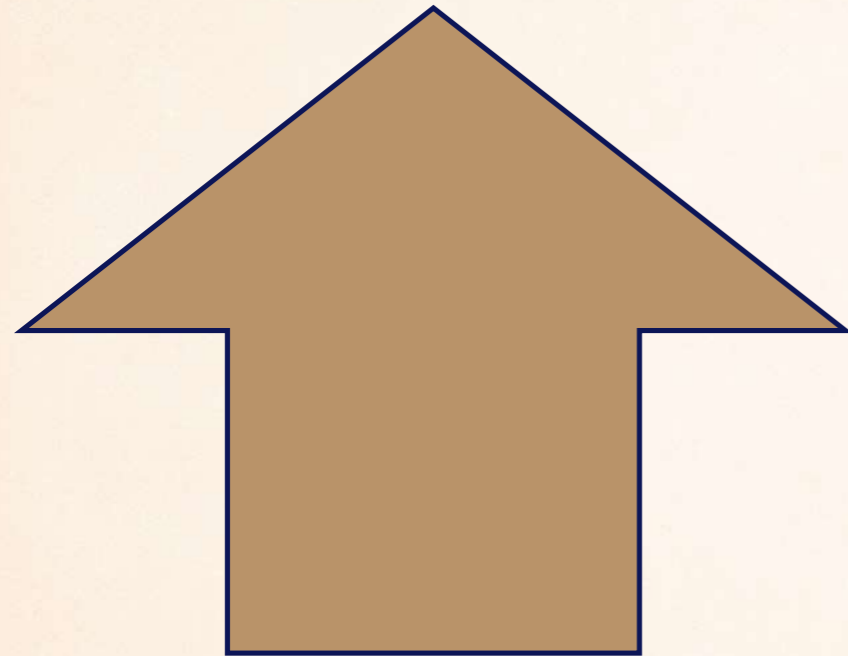
Section 263:

Revision of orders prejudicial to revenue by the Principal Commissioner or Commissioner



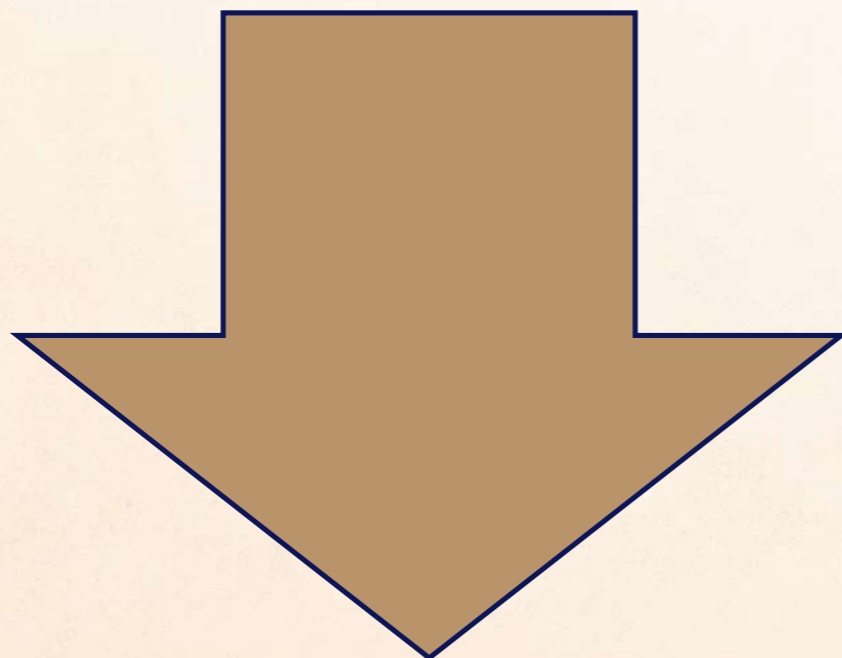
Is there any justified need to continue with the provisions of Section 263 considering that even 'Review' of the Draft Assessment Order has been contemplated by an independent 'Review Unit'?

ISSUES: SECTION 275



Section 275:

Bar of limitation for imposing penalties



It needs to be clarified as to the time and stage at which the Penalty Order shall be passed by the NeAC. The new provisions in the FAS creates an impression that the Penalty Proceedings shall come to be simultaneously finalized along with the completion assessment proceedings by the AU.

ISSUES: CONTRADICTING JUDICIAL PRECEDENTS

It needs to be clarified that the decisions of the relevant High Court within whose jurisdiction the Taxpayer is situated shall prevail over the jurisdictional domain of the ReAC under which the AU is functioning

In absence of any clarification on this, in our view, it will be the discretion of the Technical Unit as to which HC Precedent to follow

ISSUES: SET-ASIDE AND REMAND CASES

Who should be approached in a case where assessment is set-aside by an Appellate Authority, either on a limited issue or for a de-novo assessment?

In case where the assessment has been completed by an AU, how shall the remand cases be handled?

ISSUES: ADDITIONAL EVIDENCE TO CIT(A)

An Appellant can submit additional evidence under Rule 46A to CIT(A)

Who will verify the additional evidence?

ISSUES: PAPERS SUBMITTED DURING ASSESSMENT PROCEEDINGS

Where to ask for papers submitted during assessment proceedings and proceeding sheet?

What is the mode through which papers can be demanded?

ISSUES: PERSONAL HEARING – VIDEO CONFERENCING

Personal hearing is currently available only after receipt of Draft Assessment Order

A request for video conferencing with the AU may be permitted prior to the framing of the DAO, so that the Assessee can explain the intricate facts of the case, in absence of which, the AU is very likely to carry a prejudice in the case

In our view, a show cause notice outlining the points on which the Assessment Unit is prima-facie inclined to take an adverse view should be provided first

ISSUES: REQUEST FOR REVIEW & HIGH PITCHED ASSESSMENTS

Just as the right for entertaining the request for video conferencing has been left to the CCIT or DGIT in charge of the ReAC, similar authority to entertain the request for review of the DAO by the Assessee may be vested with the NeAC who is authorized to assign the DAO to a Review Unit.

Under the present set-up, CBDT has permitted Taxpayers to approach High Powered Committees under respective jurisdiction of PCCITs to resolve their grievances against high pitched assessments. Understandably, under the new set-up of FAS, the functioning of such Committees would become redundant.

ISSUES: VERNACULAR LANGUAGE

Several Documents, including title deeds of properties, Communications Local & State Government, Accounts by Small Businesses etc., are maintained in Vernacular Languages of India

Presently, within the territorial jurisdiction, Taxpayers are not put through the ordeal of submitting translations of such Documents, as Officers are familiar with the vernacular languages. How the NeAC will deal with such situations?

TAXPAYER'S CHARTER

The Income Tax Department is committed to:

1. provide fair, courteous, & reasonable treatment
2. treat taxpayer as honest
3. provide mechanism for appeal & review
4. provide complete and accurate information
5. provide timely decisions
6. collect the correct amount of tax
7. respect privacy of taxpayer
8. maintain confidentiality
9. hold its authorities accountable
10. enable representative of choice
11. provide mechanism to lodge complaint
12. provide a fair & just system
13. publish service standards and report periodically
14. reduce cost of compliance

The Income Tax Department expects Taxpayers to:

1. be honest and compliant
2. be informed
3. keep accurate records
4. know what the representative does on his behalf
5. respond in time
6. pay in time

Vasani & Co.
Chartered Accountants

Thank You!

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