

Faceless E-Assessment Scheme

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Introduction

- With effect from 13 August 2020, the e-assessment scheme of 2019 has been amended and hence is known as the Faceless Assessment Scheme. The Faceless Assessment Scheme applies to scrutiny assessments and best decision assessments. In the Union Budget 2019, the Finance Minister proposed the introduction of a plan for faceless e-assessment. The plan seeks to end the human interface between the taxpayer and the income tax department. The scheme completes the process of conducting faceless evaluation through electronic mode.

Framework for Faceless Assessment

- 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' for facilitating e-assessment and central control.
 - 'Regional e-Assessment Centers' under the jurisdiction of the regional Principal Chief Commissioner to conduct assessment.
 - Assessment units for identifying points or issues', materials for determining any liability (including refunds), analysis of information, and other such functions.
 - Technical support including legal, accounting, forensic, information technology, valuation, auditing, transfer pricing, data analytics, management or any assistance or advice on any other technical matter for technical units.

Framework for Faceless Assessment

- 'Verification units' for enquiry, cross verification, examination of books of accounts, witness and recording of statements, and such other functions.
- Review units' for reviewing the draft assessment order to check whether the facts, relevant evidence, law and judicial decisions have been considered in the draft order.

All communications between all the above units will be through the National e-Assessment Center for the purpose of evaluation under this scheme.

Income Tax Assessment

- ❑ The Income Tax Department not only reviews the Income Tax Return (ITR) filed by taxpayers, but also monitors their ITR filing pattern. Based on this, the department selects a few as well as some cases for a detailed examination, Randomly Raised Cases. This process of detailed investigation of the affected ITR is called income tax investigation. Under Section 143 (2) of the Income Tax Act, an income tax notice is sent to such taxpayers to inform that their ITR has been raised for investigation.

Procedure in faceless assessment

- ❑ The procedure for e-assessment is as below:
 - NEC will issue notice under section 143(2) online by uploading the digitally signed copy on the registered income tax account or by sending notice to the assessee's registered email address or uploading the copy on a mobile app. A real time alert will be sent through SMS or the mobile app
 - The taxpayer has a period of fifteen days(15) to file a response with the National E-Assessment Center.
 - The taxpayer's case is assessed under e-assessment only when the taxpayer voluntarily fails to submit the income tax return or asks the taxpayer to submit the return in response to the notice.
 - The National e-Assessment Center will assign the selected case for the purposes of e-assessment to a specific 'assessment unit' in one of the 'Regional e-Assessment Centers' through an automated allocation system.
 - Once the case has been submitted to an assessment unit, it can request the National e-Assessment Center for an assessment will include assessment under section 143(3) and under section 144.

Scrutiny assessment and summary assessment will be through faceless assessment

- ❑ For the purpose of faceless assessment, the CBDT would set up the below 'centres' and 'units' and specify their respective jurisdiction:
 - a) Obtaining such further information, documents or evidence from the taxpayer or any other person, as it may specify
 - b) Conducting of certain enquiry or verification by verification unit; and
 - c) Seeking technical assistance from the technical unit
- ✓ Upon request being made by the Assessing Unit for any document or evidence, the National E-Assessment Center will issue appropriate notice or requirement to the taxpayer or any other person to obtain the information, documents or evidence required by the Information Unit.
- ✓ The taxpayer can submit a response to the notice within the time specified in the notice.

Scrutiny assessment and summary assessment will be through faceless assessment

- ✓ When requested for some investigation or verification as above, the request will be submitted by the National E-Assessment Center to the verification unit through an automated allocation system.
- ✓ A technical unit will be assigned to the regional e-assessment centers through an automated allocation system by the National e-Assessment Center, on request to obtain technical assistance as per the above request.
- ✓ The National E-Assessment Center will send the report received from the verification unit or technical unit to the concerned assessment unit.
- ✓ The taxpayer can submit a response to the notice within the time specified in the notice.
- ✓ If the taxpayer fails to file a reply to the notice, the National E-Valuation Center will issue a notice under section 144 to make a best judgment assessment.
- ✓ The taxpayer can file a response to the notice issued under section 144. However, if the taxpayer does not file a response, the national e-assessment will inform the cementent assessment unit which in turn will prepare a draft assessment order under the best judicial assessment. Section 144).

Scrutiny assessment and summary assessment will be through faceless assessment

- ✓ The 'Assessing Unit' shall take into account all the above related materials, pass a draft assessment order, either accept the taxpayer's returned income or may modify the taxpayer's returned income, as the case may be, and send such order to National E-Assessment center.
- ✓ Order Evaluation Unit 'provides details of penalty proceedings to be initiated when making draft evaluation order, if any
- ✓ The National E-Assessment Center will examine the draft assessment order in accordance with the risk management strategy specified by the CBDT through an automated examination tool, under which it can decide:
 - ✓ A) Finalize the assessment in accordance with the order of assessment and to initiate punitive proceedings on the taxpayer, if any, with demand notice, specifying the amount due, or withdrawal for any reason and serve a copy of the notice to the taxpayer on the basis of such assessment; or
 - ✓ B) provide an opportunity to the taxpayer, if the amendment is proposed, the assessment should not be completed as per the order of the show cause motion by sending notice to give notice; or
 - ✓ C) For organized review of such order, assign the draft assessment order to the review unit through any one of the regional e-assessment centers.

Scrutiny assessment and summary assessment will be through faceless assessment

- The 'Assessing Unit' shall take into account all the above related materials, pass a draft assessment order, either accept the taxpayer's returned income or may modify the taxpayer's returned income, as the case may be, and send such order to National E-Assessment Center.
- Compute the draft assessment order and inform the National E-Assessment Centre about such consent; or
- Suggest such amendments, as it may deem fit into the draft assessment order, and send your suggestions to the National e-Assessment Center.

Power to specify process and procedure

- The Principal Chief Commissioner or the Principal Director General, National E-Assessment Center, in charge of the National E-Assessment Center, shall set standards, procedures and processes for the effective functioning of regional e-Assessment Centres. The system will operate in an automated and mechanized environment, including format, mode, process and processes with respect to the following, namely:
 - Service of notice, order or any other communication
 - Receipt of any information or documents from the person in response to a notice, order or any other communication
 - Issuing acknowledgment of the response submitted by the person
 - Provision of e-action facility including login account facility, status of assessment, displaying relevant details and download facility
 - Verification Accessing, and authentication of information and feedback, including documents submitted during the evaluation period

Power to specify process and procedure

- The receipt, storage and retrieval of information or documents in a centralized manner
- General Administration and Grievance Redress Mechanism in the respective centers and units.
- Circumstances to approve an individual hearing through Video Conference.



THANK YOU