

I-T returns vetting now only in 'faceless' mode

FE BUREAU

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THE GOVERNMENT ON Thursday notified a scheme to revamp the assessment of income-tax (I-T) returns by making it completely faceless, that is, where the assessee and the assessing official would be anonymous to each other. The e-assessment Scheme 2019, however, would provide an opportunity to the assessee to seek a personal hearing but it would have to be conducted exclusively through video conferencing.

According to the scheme, the income-tax department would set-up a National e-Assessment Centre, which would serve notices on the assessees specifying the issue for selection of their case for assessment. The taxpayer would have 15 days to respond to the notice and file a response to the Centre. Thereafter, the Centre would assign the case selected for the purposes of e-assessment to a specific assessment unit in any one regional e-assessment centre through an automated allocation system.

All communications between taxpayers and the Centre would be exchanged exclusively by electronic mode, and all internal communications between the national and regional e-assessment centres and various units would also be conducted electronically.

Continued on Page 2



'Faceless' tax filing: E-assessment scheme notified

ENSECONOMICBUREAU
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ROLLING OUT its Budget announcement, the Central Board of Direct Taxes (CBDT) has notified the 'e-assessment scheme' to facilitate faceless assessment of income-tax returns through completely electronic communication between tax officials and taxpayers. In case of a modification, an opportunity for a personal hearing will be provided to the taxpayer and such hearing shall be conducted "exclusively through videoconferencing", the notification, released on Thursday, said.

Under the scheme, it is proposed that an "automated allocation system" will use an algorithm for randomised allocation of cases by using technological tools, including artificial intelligence and machine learning. The scheme has proposed creation of a national e-assessment centre, which will serve notices to assessees specifying issues for selection of their case for assessment and after a response is received from them within 15 days, the centre will al-

EXPLAINED

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Aimed to be a 'paradigm shift', but could take time

THE E-ASSESSMENT scheme, termed as a "paradigm shift" by the Finance Minister, will eliminate personal contact between taxpayers and tax officials in scrutiny of assessments. The move is aimed at eliminating "certain undesirable practices on the part of tax officials", as stated by the FM in her Budget speech.

However, tax experts pointed out that multiple nodal bodies could make the scheme complex for common taxpayers to understand. In addition, the appeals mechanism will continue to have personal representation.

locate the case to an assessing officer using an automated system.

"A person shall not be required to appear either personally or through authorised representative in connection with any proceedings under this scheme (e-assessment) before the income-tax authority at the National e-assessment Centre or Regional e-assessment Centre or any unit set up under this scheme," the CBDT said.

Finance Minister Nirmala Sitharaman had announced the proposal in her Budget speech, calling it "a paradigm shift". She had said the system of scrutiny assessments in the I-T Department involves a high level of personal interaction between the taxpayer and the department, leading to "certain undesirable practices on the part of tax officials".

"...a scheme of faceless assess-

ment in electronic mode involving no human interface is being launched this year in a phased manner. To start with, such e-assessments shall be carried out in cases requiring verification of certain specified transactions or discrepancies," she had said.

The new e-assessment regime will be voluntary and taxpayers can take a call on whether to conduct their dealings over the e-system or through the existing procedure of manual submission of documents by visiting the tax office. Once taxpayers register themselves on the official I-T web portal, they will get a confirmation through a text message as well as an e-mail. The functionality to conduct the e-proceedings would be available for all types of notices, questionnaires and letters issued under various sections of the I-T Act, the CBDT said.

Experts said that though the move will help reduce personal contact between taxpayer and administration during scrutiny assessment, appeal process would still involve personal representation. "It's a welcome move and the process has been significantly

thought through. Naturally, in an initiative of this kind the process will evolve and get refined over a period of time," Frank D'Souza, partner and leader—Corporate & International Tax, PwC India, said.

"With the advent of technology, gradually taxpayers have gotten used to e-filing of income tax return. Though aimed at easing the process of assessment for taxpayers, multiple nodal bodies such as national e-assessment centres along with regional centres and assessment, verification, technical and review units, set up to facilitate e-assessments could initially make the scheme and procedures complicated for a common taxpayer to comprehend ... post completion of scrutiny assessments under electronic mode, appeal mechanism would continue to be done through personal representation or appointed counsel.

"Some aspects like assessment years to which the scheme would be made applicable, CBDT's risk management strategy, etc need to be clarified ...," Nangia Advisors (Andersen Global) director Sandeep Jhunjhunwala said.

