

TAX FLASH NEWS

28 September 2019

CBDT issues circular for the conduct of assessment proceedings through 'E-Proceeding' facility during financial year 2019-20

Background

The Finance Minister while presenting the Budget 2019 stated that the existing system of scrutiny assessments in the Income-tax department involves a high level of personal interaction between the taxpayer and the tax department, which leads to certain undesirable practices on the part of tax officials. To eliminate such instances, and to give shape to the vision of the Prime Minister, a scheme of faceless assessment in electronic mode involving no human interface was to be launched this year in a phased manner.

On 12 September 2019, the Central Board of Direct taxes (CBDT) vide Notification No. 61/2019, notified E-assessment Scheme (Scheme), 2019 (the Scheme) under Section 143(3A) of the Income-tax Act, 1961 (the Act). Further in exercise of the powers conferred by Section 143(3B) of the Act to give effect to the Scheme, CBDT notified the relevant directions.

Recently, CBDT has issued Circular¹, providing directions with respect to the conduct of assessment proceedings through 'E-Proceeding' facility during Financial Year (FY) 2019-20.

CBDT Circular

CBDT has directed that in all cases (other than the cases covered under the 'E-Assessment Scheme, 2019), where assessment is to be framed under Section 143(3) of the Act during the FY 2019-20, assessment proceedings shall be conducted electronically subject to the following exceptions:

- Where assessment is to be framed in case of Section 153A, 153C and 144 of the Act.
- In set-aside assessments
- Assessments being framed in non-PAN cases
- Cases where Income-tax return was filed in paper mode and the taxpayer does not yet have an 'E-filing' account
- In all cases at stations connected through the VSAT or with limited capacity of bandwidth
- The jurisdictional Pr. Commissioner of Income Tax (Pr. CIT)/CIT, in extraordinary circumstances, such as complexities of the case or administrative difficulties in conduct of assessment through 'E-proceedings' can permit assessment proceedings through the conventional mode. Further Pr. CIT will be required to provide such relaxation only in extraordinary circumstances after examining the necessity for such relaxation and recording the reasons for providing such relaxations.
- In respect of reassessment under Section 147, any relaxation from e-proceeding due to the difficulties in migration of data from Income Tax Department (ITD) to Income Tax Business Application (ITBA) etc. shall be dealt as per above point.

CBDT states that the taxpayer is required to produce/cause to produce their response/ evidence to any notice/ communication/ show-cause issued by the Assessing Officer electronically (unless specified otherwise) through their 'E-filing' account on the 'E-filing' portal.

For smooth conduct of assessment proceedings through 'E-Proceeding', CBDT directed that requisition of information in cases under 'E-Proceeding' should be sought after a careful scrutiny of case records.

¹ Circular No. 27/2019, dated 26 September 2019

CBDT clarified that issue of notices and departmental communications in above exceptional cases shall be strictly governed by the guidelines issued by CBDT Circular² regarding generation/allotment/quoting of Document Identification Number (DIN).

Where assessment proceedings are being carried out through the 'E-proceeding', personal hearing or attendance may take place in the following situations:

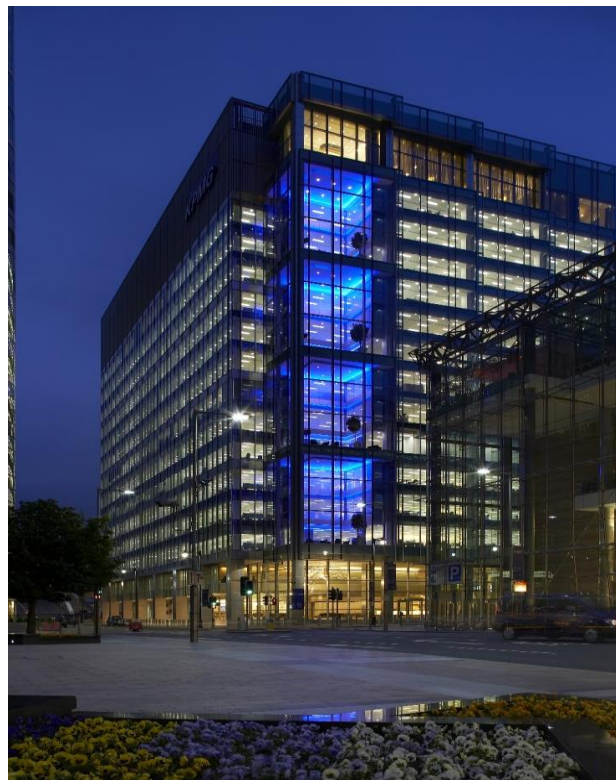
- Where books of accounts have to be examined
- Where AO invokes provisions of Section 131 of the Act
- Where examination of witness is required to be made by the taxpayer or the Department
- Where a show-cause notice contemplating any adverse view is issued by the AO and taxpayer requests through their 'E-filing' account for personal hearing to explain the matter

However, the details pertaining to above shall be uploaded on ITBA subsequently.

Our comments

The E-Proceeding facility for the cases other than the cases covered under the 'E-Assessment Scheme, 2019' will help to reduce the face to face interaction of the taxpayer and the tax department. It will help to reduce certain undesirable practices.

CBDT provided exceptional cases where E-Proceeding is not mandatory. Further, in the cases where assessment proceedings are being carried out through E Proceeding, personal hearing/attendance may take place in certain circumstances i.e. where books of accounts have to be examined, provisions of Section 131 of the Act have been invoked, etc.



² Circular No.19/2019, dated 14 August 2019

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