

Faceless Assessments and Appeals Latest Developments, Opportunities & Practical Issues



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Brief about the session

Background, Objective and Features

Transition from Physical to Faceless era

Conventional vs. Faceless era

Communication

Opportunities in Faceless era

Faceless Assessment Scheme 2019

Faceless Appeal Scheme-2020

Practical Issues

Background

Hon'ble PM launched new platform for **Transparent Taxation-Honoring the Honest** with three major reforms on August 13, 2020

Faceless Assessments

Faceless Appeals

Tax Charter



Objective

**Honoring the
Honest**

**Ease of
compliance
for Taxpayer**

**No Human
Interface**

**Transparency
and
Efficiency**

**Functional
Specialization**

**Improvement
in quality of
Assessment**

**Expeditious
disposal of
cases**

Features

Dynamic Jurisdiction-abolition of territorial jurisdiction

Removal of undesirable Practices

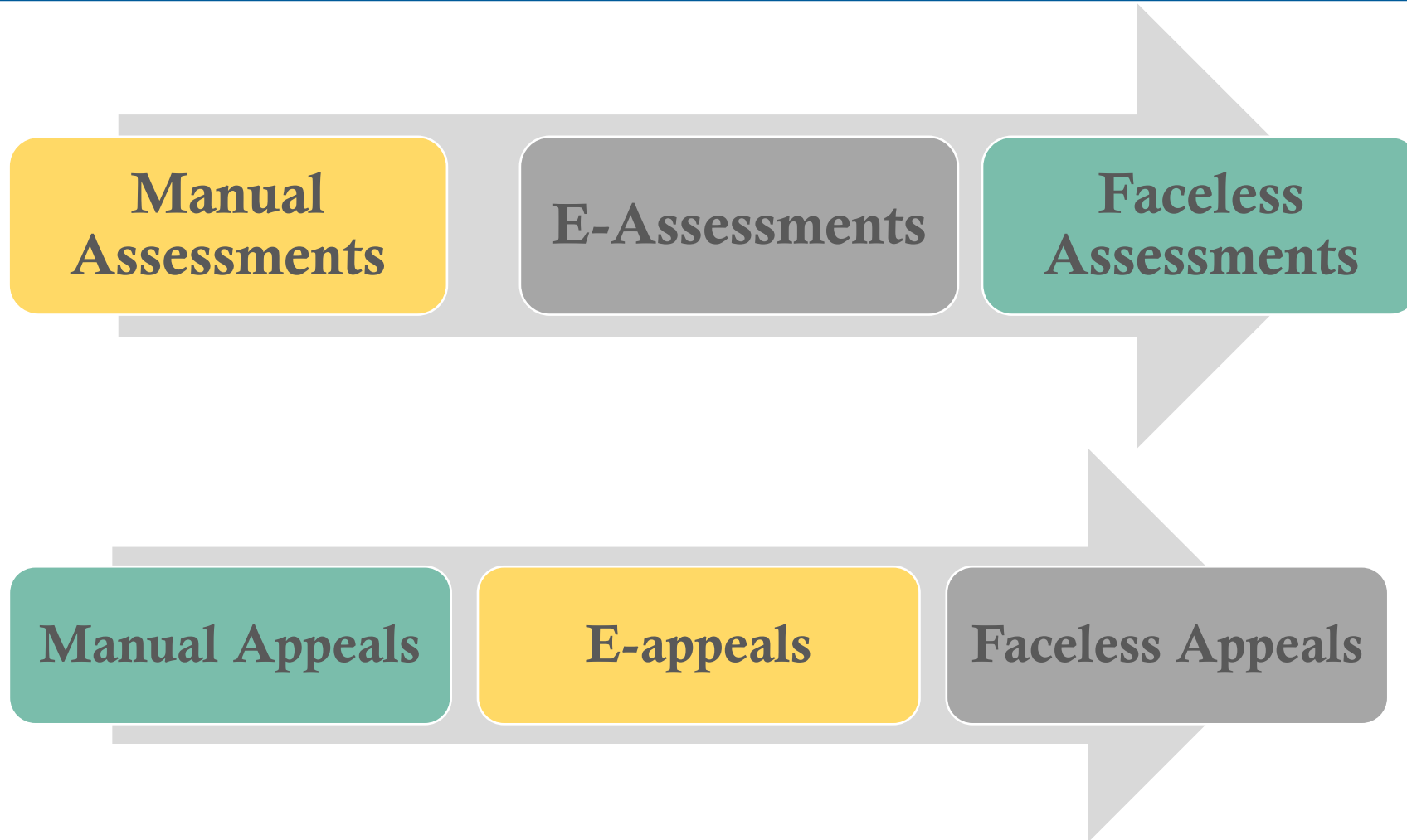
Central issuance of notices with DIN

No physical interface, no need to visit income tax office

Automated random allocation of cases

2/3rd of manpower is utilized for faceless and balance for other functions

Transition from Physical to Faceless era



Conventional Vs. Faceless Era

Conventional System

Single territorial jurisdiction

Notice Manually + system

Review by only A.O.

Physical meeting

Selection of cases

Faceless System

No territorial jurisdiction

Only via system through NFAC

Team-Based Review

No Physical meeting

Random allocation of cases

Communication

New To e-Filing?
Register Yourself
Registered User?
Login Here
Forgot Password?
Reset

**Taxpayer's
registered account**



**Registered email
address**



**Taxpayer's mobile
App**



Real Time alert



Opportunities in Faceless Era



Flexibility of time



Increase in availability of work



No long waiting hours



No need to indulge in unwanted practices



No gender based hesitation



No geographical bars



Ease in communication



Specialization in specific issues

Faceless Assessment Scheme 2019

(amended by Faceless Assessment (1st Amendment)
Scheme, 2021)



India: First country to use AI/ML in tax assessment



Furquan Moharkan, DHNS, SEP 02 2019, 01:06 IST | UPDATED: SEP 02 2019, 01:06 IST



India is the first country to use Artificial Intelligence and Machine Language in Tax Assessments

Legal Framework

- Section 143(3A), 143(3B), 143(3C), alongwith various notifications were framed for implementation of Faceless assessment scheme.
- The Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020, inserted a new section 143(3D) which states that “**nothing contained in sub-section (3A) and sub-section (3B) shall apply to the assessment made under sub-section (3) or under section 144, as the case may be, on or after the 01.04.2021.**” For assessments on or after 1.4.2021 – new section **144B** is inserted.

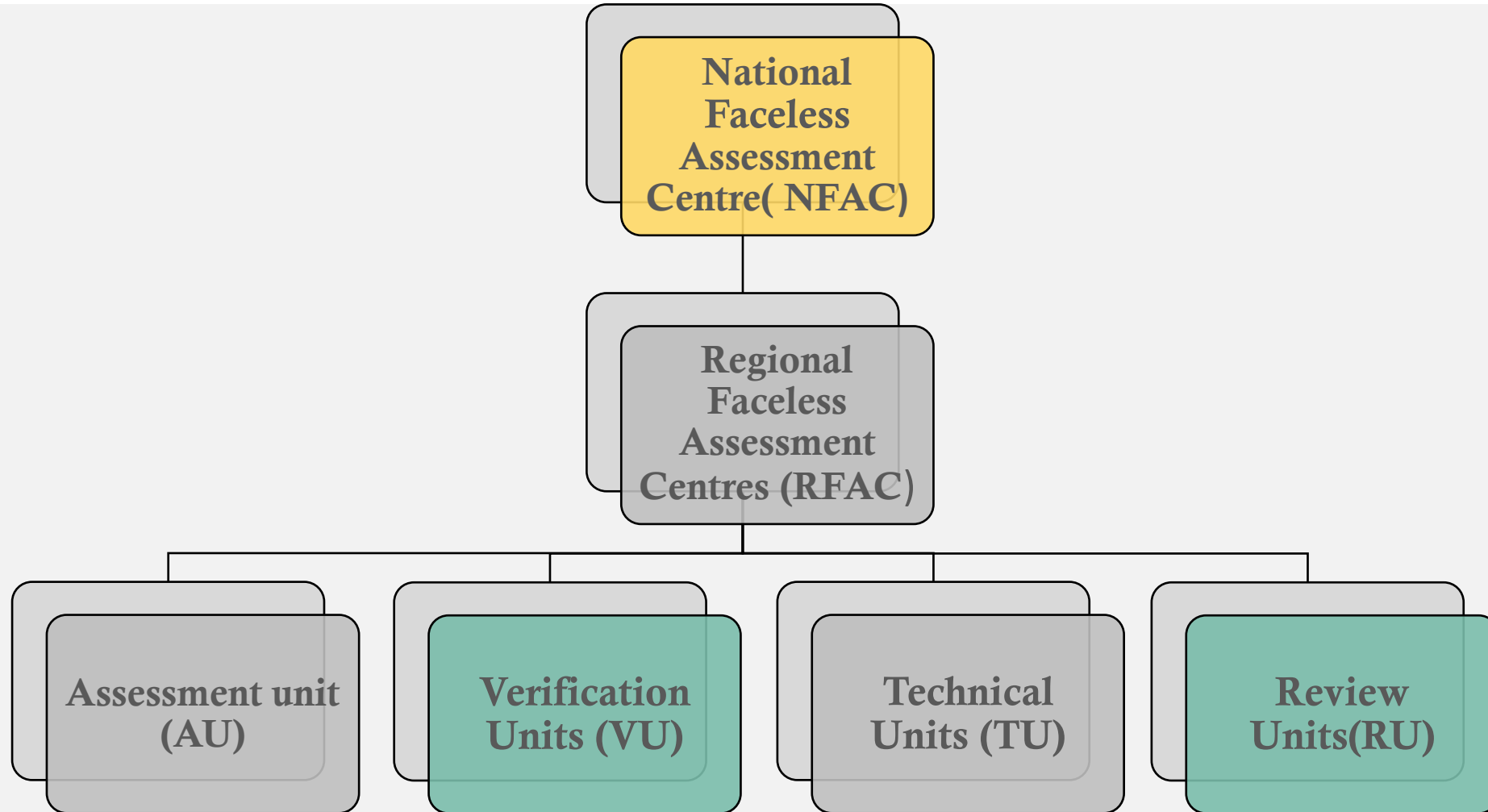
Scope of the scheme

As per the CBDT order all the assessments shall be done under Faceless assessment scheme except the following

Assessment orders in cases **assigned to Central Charges.**(Cases fall under **Search and seizure**)

Assessment orders in cases assigned to **International Tax Charges**

Set up for Faceless Assessment



Functions of Faceless Assessment Centres

National Faceless Assessment Centre-

- Located in Delhi
- Headed by Pr.CCIT
- Facilitate the conduct of faceless assessments in a centralized manner.
- Central gateway for communication between Income tax Authorities, Assesseees and others.

Regional Faceless Assessment Centres

- Headed by Chief Commissioner of Income-tax.
- Facilitate the conduct of faceless assessments in the cadre controlling region .
- Every RFAC will have AUs, VUs, TUs, and RUs.

Functions of Faceless Assessment Centres

Assessment Units

- Responsible for conducting the assessment proceedings
- **Identifying points and issues** for determination of a tax liability or refund
- **Seek information** or clarification on issues and analyses material or submission by the assessee
- Seek assistance from the VU and the TU.
- Preparing the **draft assessment order** and send to NFAC

Verification Units

- Conduct **enquiries**,
- **Cross verification**
- **Examination of books** of accounts .
- Examine witnesses
- Records statements through video conferencing.

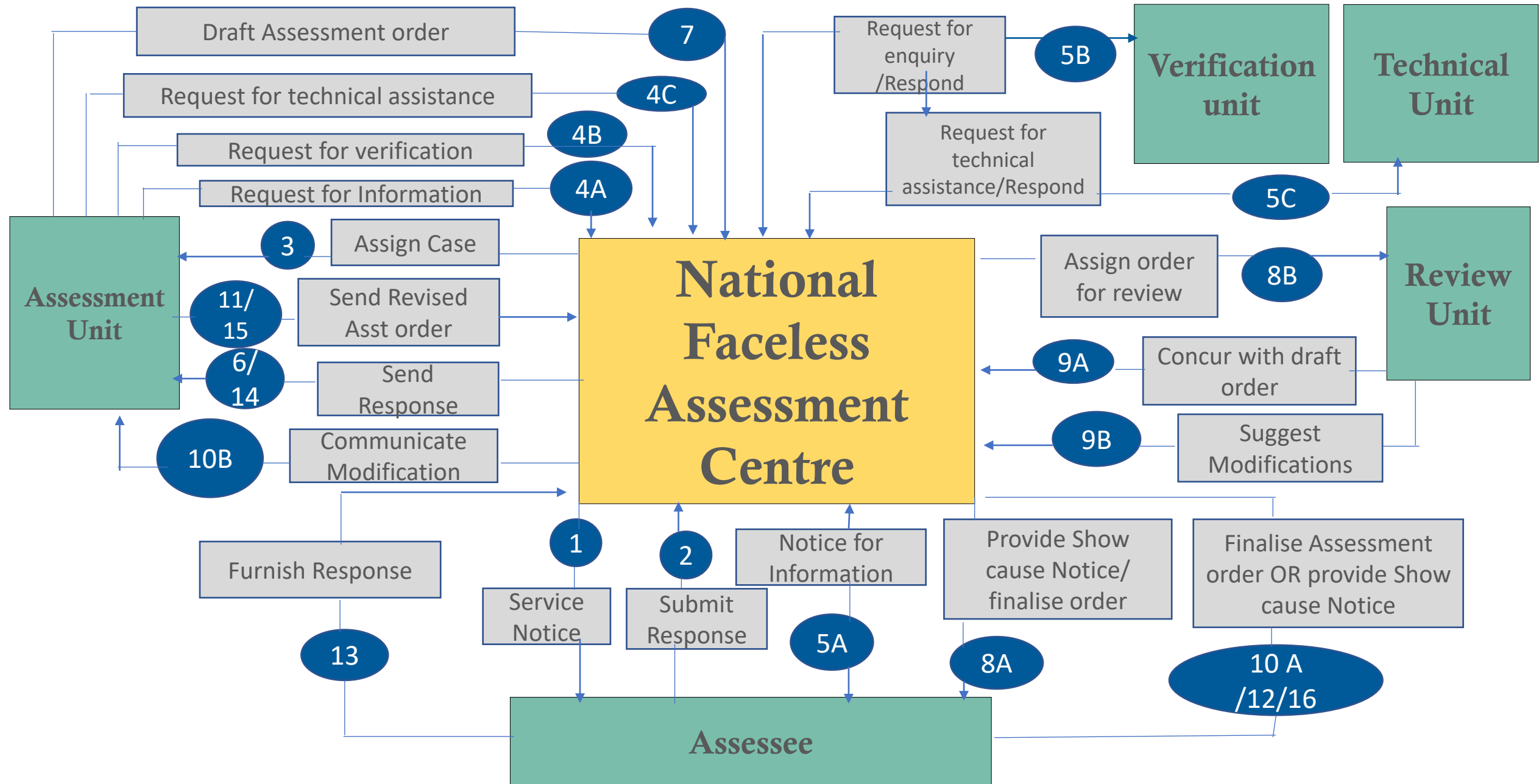
Technical Units

- Provides **assistance or advice** on
- legal
- Accounting
- Forensic
- IT, valuation
- Transfer Pricing, data analytics
- Management
- Any other technical matters that may be required.

Review Units

- **Review the draft assessment order and check:**
- Relevant material and **evidences brought** on record
- **Fact and law** incorporated in the draft
- **Applicable judicial decisions** considered
- Addition/ disallowances discussed in draft order
- **Arithmetical accuracy** of modifications proposed

Procedure for Faceless Assessment-At a Glance



How to respond Income tax Notices

The taxpayer shall file his response to any notice or order or any other electronic communication, under this scheme, through his [registered account](https://www.incometaxindiaefiling.gov.in/home) by logon to <https://www.incometaxindiaefiling.gov.in/home>

The screenshot shows the homepage of the Income Tax e-Filing portal. The browser address bar displays [incometaxindiaefiling.gov.in/home](https://www.incometaxindiaefiling.gov.in/home). The page header includes the e-Filing logo with the tagline "Anywhere Anytime" and the text "Income Tax Department, Government of India". Navigation links for "हिन्दी", "About Us", "Feedback", "Accessibility Options", "Contact Us", "e-Nivaran", and "Help" are present. A search bar is located on the right. A green banner below the header reads: "Inconvenience through e-Nivaran, which will be responded by our team immediately. Inconvenience caused is regretted. UDIN for Audit Forms / Audit certificate". The main content area features three primary sections: 1. "List of Income Tax Return and Forms available for e-Filing" with sub-links for "Tax Information and Services" and "e-Filing Brochures". 2. A large orange and yellow banner for "NO MORE FILLING FORMS. GET YOUR PAN INSTANTLY" with an "APPLY NOW" button and a note: "Applicable only for those who do not have a PAN." 3. A blue sidebar for user actions: "New To e-Filing? Register Yourself", "Registered User? Login Here", and "Forgot Password? Reset". Below these are three columns: "Quick Links" (Instant PAN through Aadhaar, Link Aadhaar, Tax Calculator FY 2020-21), "News & Updates" (30/04/2021 New! The timeline to update UDIN of past uploads of audit report and certificates has been further extended up to 30th June, 2021. Kindly avail the benefit and avoid invalidation.), and "Download" (IT Return Preparation Software, Other Forms Preparation Software, DSC Management Software).

How to respond Income tax Notices

Then Login using your password ID.

portalincometaxindiaefiling.gov.in/e-Filing/UserLogin/LoginHome.html?lang=eng

Appst dead person – itato... Metro Automobile... Income Tax Appella... Taxmann Search capkdassociates@y... e-Filing Home Page... CCH – Login Tribunal – itatonline...

e-Filing Anywhere Anytime
Income Tax Department, Government of India

भारत About Us Feedback Accessibility Options Contact Us e-Nivaran Help

Login | Register

Home Downloads News & Updates

Login

User ID *

Password *

Captcha Code **XU9R9A**

Enter Captcha *

[Login](#) [Forgot Password?](#)

[New Users? Register](#)

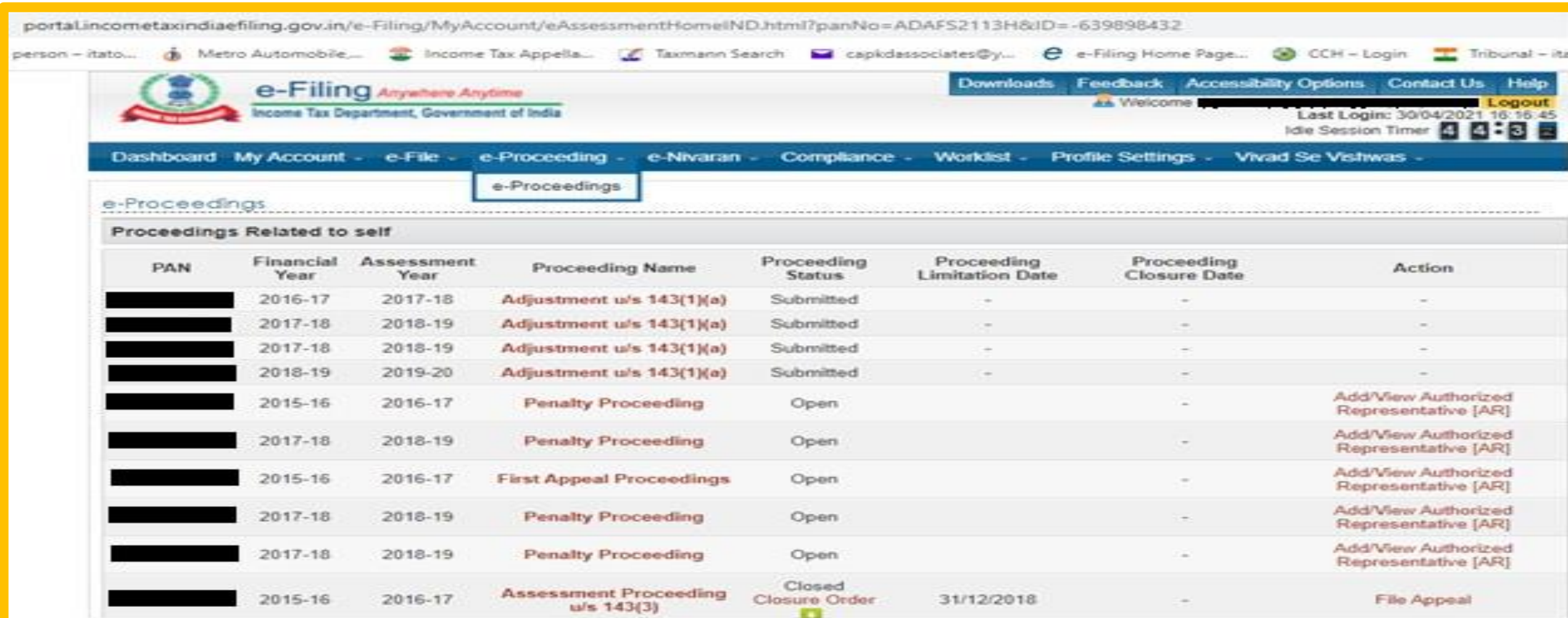
[e-Filing Login Through NetBanking](#)

Trouble Logging in?

- User ID is not case sensitive.
- Password is case sensitive.
- Make sure that the details entered are correct.

How to respond Income tax Notices

Go to 'e-Proceedings'. Click to proceedings of the respective year by clicking 'Proceeding Name'

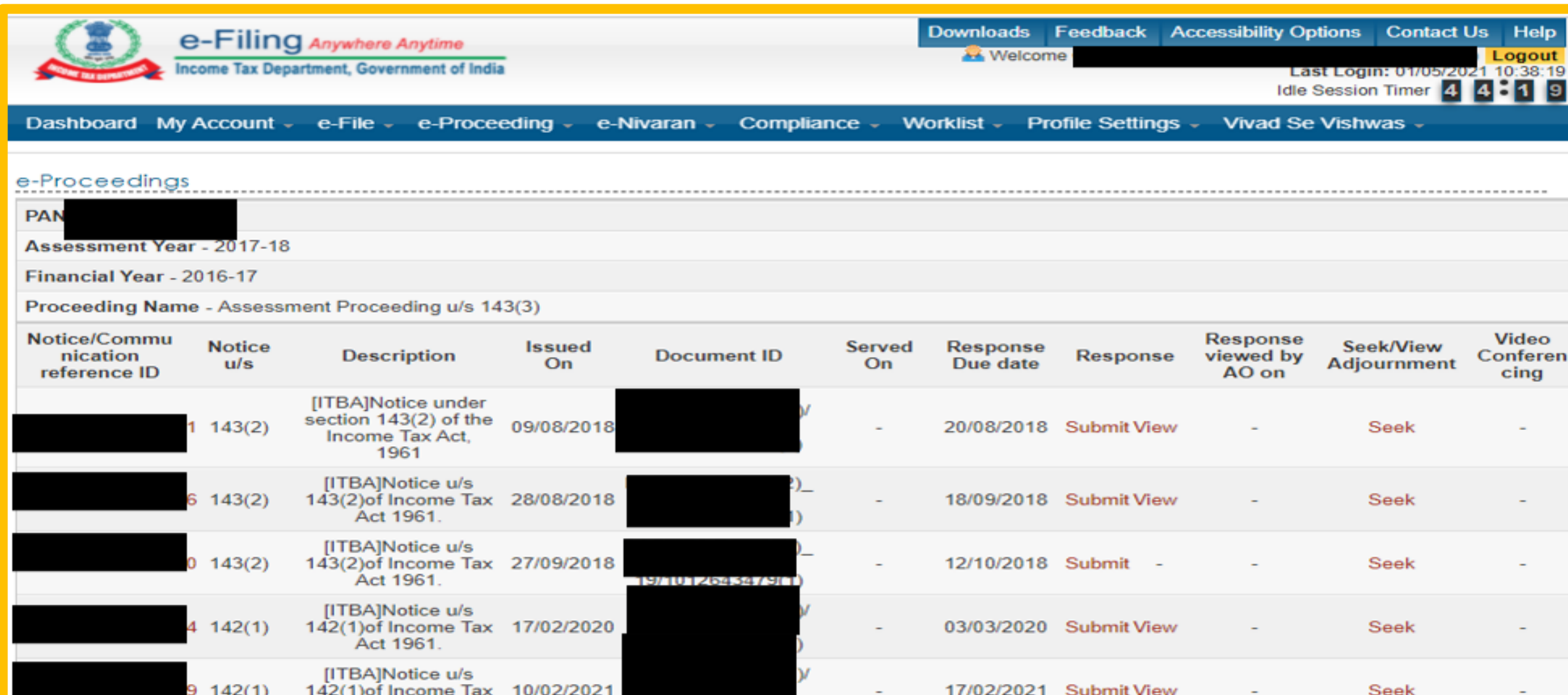


The screenshot displays the 'e-Proceedings' section of the Income Tax e-Filing portal. The page title is 'e-Proceedings' and the sub-section is 'Proceedings Related to self'. The table below lists various proceedings with columns for PAN, Financial Year, Assessment Year, Proceeding Name, Proceeding Status, Proceeding Limitation Date, Proceeding Closure Date, and Action.

PAN	Financial Year	Assessment Year	Proceeding Name	Proceeding Status	Proceeding Limitation Date	Proceeding Closure Date	Action
[REDACTED]	2016-17	2017-18	Adjustment u/s 143(1)(a)	Submitted	-	-	-
[REDACTED]	2017-18	2018-19	Adjustment u/s 143(1)(a)	Submitted	-	-	-
[REDACTED]	2017-18	2018-19	Adjustment u/s 143(1)(a)	Submitted	-	-	-
[REDACTED]	2018-19	2019-20	Adjustment u/s 143(1)(a)	Submitted	-	-	-
[REDACTED]	2015-16	2016-17	Penalty Proceeding	Open	-	-	Add/View Authorized Representative [AR]
[REDACTED]	2017-18	2018-19	Penalty Proceeding	Open	-	-	Add/View Authorized Representative [AR]
[REDACTED]	2015-16	2016-17	First Appeal Proceedings	Open	-	-	Add/View Authorized Representative [AR]
[REDACTED]	2017-18	2018-19	Penalty Proceeding	Open	-	-	Add/View Authorized Representative [AR]
[REDACTED]	2017-18	2018-19	Penalty Proceeding	Open	-	-	Add/View Authorized Representative [AR]
[REDACTED]	2015-16	2016-17	Assessment Proceeding u/s 143(3)	Closed Closure Order	31/12/2018	-	File Appeal

How to respond Income tax Notices

Details about notice issued, response submit/view, adjournment seeking and option for video conferencing in case of show cause notice issued can be seen.



The screenshot displays the e-Filing portal interface. At the top, there is a navigation bar with links for Downloads, Feedback, Accessibility Options, Contact Us, and Help. The user is logged in as 'Welcome [redacted]' with a 'Logout' button. The last login time is 01/05/2021 10:38:19, and the idle session timer is set to 44:19. The main navigation menu includes Dashboard, My Account, e-File, e-Proceeding, e-Nivaran, Compliance, Worklist, Profile Settings, and Vivad Se Vishwas. The 'e-Proceedings' section is active, showing details for a specific proceeding: PAN [redacted], Assessment Year - 2017-18, Financial Year - 2016-17, and Proceeding Name - Assessment Proceeding u/s 143(3). Below this, a table lists several notices with columns for Notice/Communication reference ID, Notice u/s, Description, Issued On, Document ID, Served On, Response Due date, Response, Response viewed by AO on, Seek/View Adjournment, and Video Conferencing.

Notice/Communication reference ID	Notice u/s	Description	Issued On	Document ID	Served On	Response Due date	Response	Response viewed by AO on	Seek/View Adjournment	Video Conferencing
[redacted] 1	143(2)	[ITBA]Notice under section 143(2) of the Income Tax Act, 1961	09/08/2018	[redacted]	-	20/08/2018	Submit View	-	Seek	-
[redacted] 6	143(2)	[ITBA]Notice u/s 143(2)of Income Tax Act 1961.	28/08/2018	[redacted]	-	18/09/2018	Submit View	-	Seek	-
[redacted] 0	143(2)	[ITBA]Notice u/s 143(2)of Income Tax Act 1961.	27/09/2018	[redacted]	-	12/10/2018	Submit	-	Seek	-
[redacted] 4	142(1)	[ITBA]Notice u/s 142(1)of Income Tax Act 1961.	17/02/2020	[redacted]	-	03/03/2020	Submit View	-	Seek	-
[redacted] 9	142(1)	[ITBA]Notice u/s 142(1)of Income Tax	10/02/2021	[redacted]	-	17/02/2021	Submit View	-	Seek	-

How to respond Income tax Notices

Fill the details and Submit your response and continue

portalincometaxindiaefiling.gov.in/e-Filing/MyAccount/eAssessmentResponse.html?ID=-1297774823&referenceID=100000003323381&proclD=100000009546291

person - itato... Metro Automobile... Income Tax Appella... Taxmann Search capkdassociates@y... e-Filing Home Page... CCH - Login Tribunal - itaton

e-Proceedings

PAN	[REDACTED]
Proceeding Name	Assessment Proceeding u/s 143(3)
Assessment Year	2017-18
Financial Year	2016-17
Document Reference ID	[REDACTED]
Notice Section	143(2)

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"/> Select	<input type="button" value="Choose File"/> No file chosen



What after
Faceless
Assessments

Faceless
penalty

Faceless
CIT
Appeals



May be
Faceless ITAT
Appeals

What if
Raids will
also be
Faceless...
.....



ARE YOU SURE IT'S
A FACELESS IT RAID?



Faceless Appeal Scheme 2020



About the Faceless Appeal Scheme

This scheme was introduced on 25 September 2020. Section 250(6B), 250(6C) and 250(6D) alongwith various notifications were framed for implementation of Faceless Appeal scheme.

Faceless appeal scheme is pari materia with the Faceless Assessment provisions.

An order passed by the CIT(A) will be subjected to **review** either by National Faceless Appeal Centre ('NFApC') or by another **CIT(A)**.

Not applicable for appeals relating to **serious frauds, major tax evasion, sensitive & search matters, international tax and Black Money Act.**

Steps are prescribed to specifically adjudicate on **condonation of delay**, allowing non-compliance of conditions prescribed in section 249(4)(b), **admission of additional ground** and/or **additional evidence** before proceeding with the disposal of appeal.

Set up for Faceless Appeal

**National Faceless Appeal
Centre (NFApC)**

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graph TD; NFApC[National Faceless Appeal Centre (NFApC)] --- RFApC[Regional Faceless Appeal Centre (RFApC)]; RFApC --- ApU[Appeal Units (ApU)];
```

**Regional Faceless
Appeal Centre (RFApC)**

Appeal Units (ApU)

Intercommunication

Third Parties

Assessing
Officer

Appellant

National Faceless
Appeal Centre NFApC

National Faceless
Assessment Centre
(NFAC):

Regional Faceless Appeal
Centres RFAPCs

Regional Faceless Appeal
Centres RFAPCs

Appeal units
(ApUs)

Appeal units
(ApUs)

Appeal units
(ApUs)

Functions of Appeal Centres

National Faceless Appeal Centre (NFAPC)

Facilitate the conduct of e-appeal proceedings in a centralized manner to resolve appeals in accordance with the provisions of the scheme

Regional Faceless Appeal Centres (RFAPCs)

Facilitate the conduct of e-appeal proceedings, and with jurisdiction to resolve appeals in accordance with the provisions of the scheme; and

Appeal units (ApUs)

Facilitate the conduct of e-appeal proceedings

Accept additional grounds of appeal, evidence, condonation of delay etc.

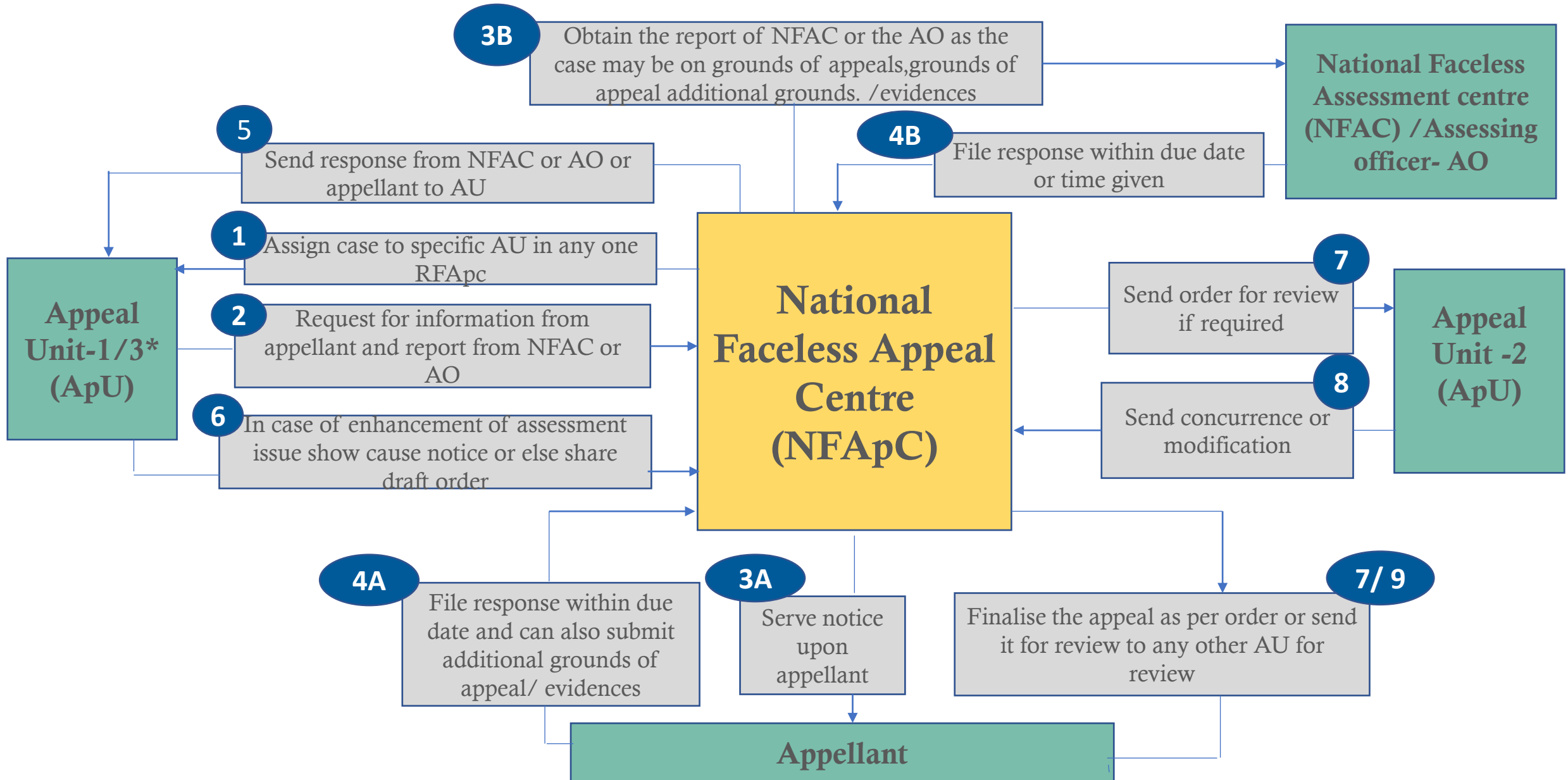
Making further inquiries as deemed appropriate;
Seeking report from NFAC or the AO for grounds, additional grounds or evidences

Seeking clarification on admitted grounds of appeal

Analyse facts and legal points, provide opportunity of hearing online and prepare and review the draft order

Performing other functions required for the purpose of the scheme.

Procedure of Faceless Appeal- At a Glance



*Matter will be sent to AU 3 if review is done by AU 2

Practical Issues



To better illustrate your problem, as well as convey the problem statement to someone who's less immersed in it than you, consider adding some components in the following way: 1. Customer Tries Something; 2. Here's the terrible they are facing; 3. Existing solutions are broken/Non-existent

Order passed
without issuing
show cause notice-
How???

Order passed
before time
given for
filing reply

No
Consideration of
reply to show
cause notice

How to reply
jumbo size show
cause notice list in
1-2 days???

No speaking
Order

No consideration
of adjournment
application



Promise not to
clean bold taxpayer
by passing orders
hurriedly without
verifying facts

No corruption but
huge cost of
unnecessary litigation
for orders passed
without giving
natural justice

HOWZZAT

Promises faceless
electronic scrutiny of
income tax assessment. The
absence of human interface
between the taxpayer and
tax administration will help
reduce corruption. Prefilled
I-T returns on anvil



Practical Issues

Orders passed hurriedly

Very short time for response to notices

Wrong interpretations of responses

Technical glitches/challenges

Video Conferencing -Practicality

Practical Issues

Right of rebuttal not mentioned in procedure

Upskilling Drafting and Presentation

Educating Clients

Timely and Complete Response

Reconciliation and Ratio analysis



**AT
LAST
DILIGENCE
DEFEATS
INFLUENCE**

Nisha Shah Patel

Thank
you!!!



CA Nisha Patel

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