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*Faceless Assessment Scheme 2020*

# Faceless E-Assessment Scheme, 2020

The Government of India reinforced the Faceless Assessment Scheme 2020 & Faceless Appeal Scheme 2020 for making the entire direct tax administration seamless. National e-Assessment Center, Delhi will be the only governing authority for the faceless IT assessment system. The regional centers of the authority will be in Mumbai, Kolkata, Hyderabad, Chennai, Pune, Ahmedabad, and Bengaluru.

The faceless assessment has been devised for greater transparency, greater efficiency, and accountability to the assessment process by:

- ❖ Eliminating human interface between the taxpayer and the Department through the use of technology.
- ❖ Enhancing transparency involved in assessment proceedings.
- ❖ Optimizing utilization of resources through economies of scale and functional specialization.

## Key Features of the scheme:

- ❖ Eliminating Person-to-Person Contact:
- ❖ Automated Case Allocation
- ❖ Introducing a team-based assessment
- ❖ Optimising utilization of resources
- ❖ Improvement in Quality of Assessment
- ❖ Governed by principles of Natural Justice



Assessments **Covered** under Faceless Assessment Scheme, 2020

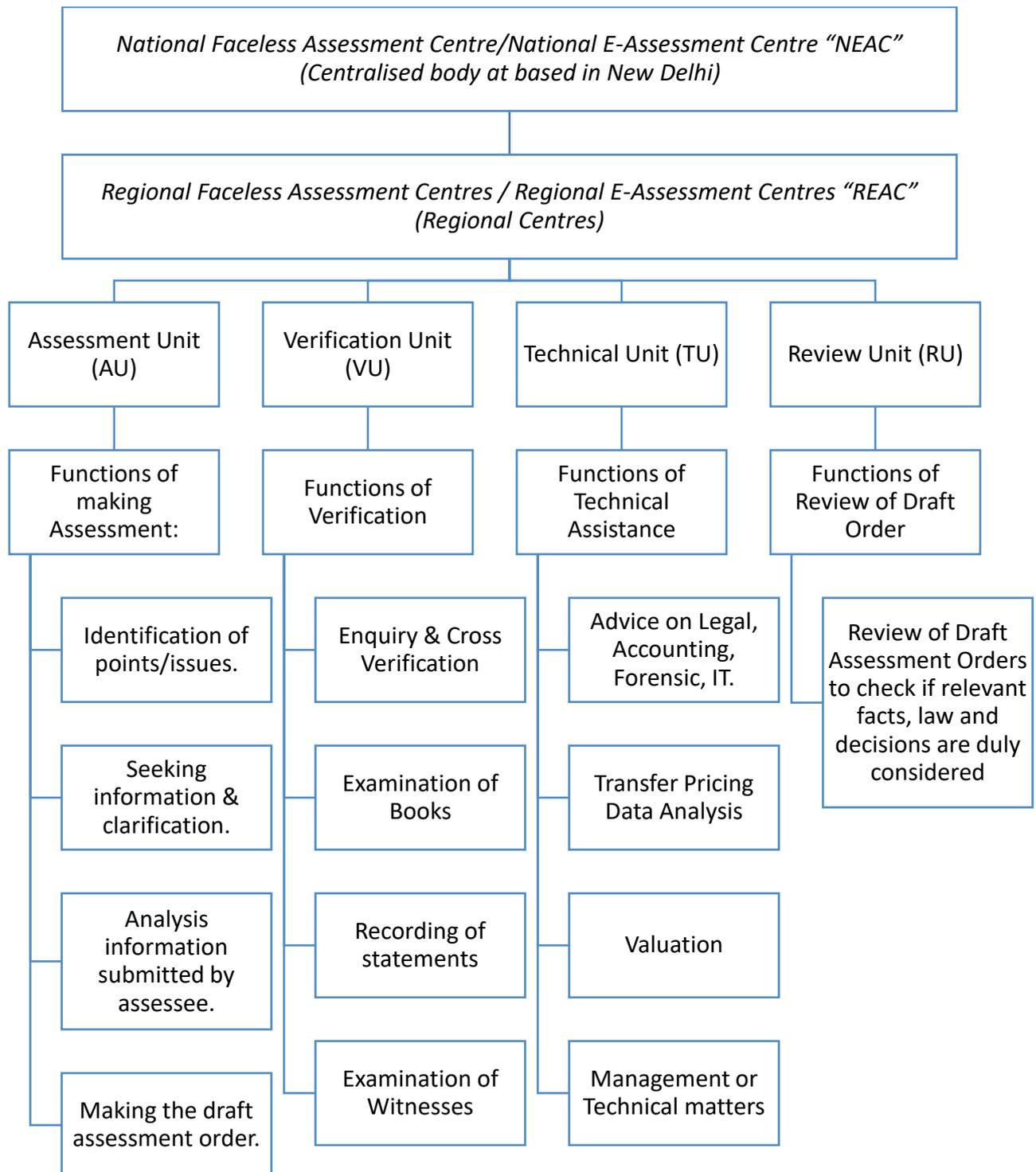
- The assessment of total income/loss under section 143(3) or Sec 144 of the Income Tax Act 1961

Assessments **Not Covered** under Faceless Assessment Scheme, 2020

- Assessment of Escaped income u/s 147.
- Search Assessment u/s 153A or u/s 153C.
- Set-aside Assessments.
- Any assessment that includes serious frauds, major tax evasion, sensitive and search matters.
- The system also excludes assessments relating to International Taxation and assessments under the Black Money Act & Benami Property Act.



## Structure of the Scheme



**Procedure for Faceless assessments:**

1) **Serving notice to assessee:**

- NeAC shall serve a notice on the assessee u/s 143(2) along with the reasons for selection of case. NeAC shall also serve Notices u/s 142(1) from time to time.
- The Assessee may file its response to the above notices within **15 days** / such time as allotted by NeAC in the Notice.
- Option also available in some cases for assessee to seek video conferencing.

2) **NeAC shall assign the case to an AU through automated allocation system:**

- With the use of AI and automated allocation system NeAC shall assign the case anonymously to AU of any one ReAC.
- After assignment of the case, AU shall make request to the NeAC for:
  - Obtaining further documents, evidence, etc. for the case as needed.
  - Conduct of enquiry or verification by VU as needed.
  - Seeking technical assistance from TU as needed.
- After getting the above requests from AU, NeAC shall:
  - Request assessee for documents, evidence, etc. as requested by AU
  - Request VU to conduct enquiry or verification as requested by AU.
  - Request TU of ReAC for the needed technical assistance.

**NOTE**– Request shall be made by NeAC to VU or TU or RU etc. of one of the ReAC through automated allocation system with the use of Artificial intelligence. It will be devoid of any human interference hence making it faceless.

3) **Failure on the Part of the Assessee to respond / co-operate:**

- The assessee is required to respond to the notice issued u/s 142(1) within specified time limit.
- Where the assessee fails to comply with the notice issued under section 142(1) or with a direction issued under section 142(2A), NeAC shall serve upon such assessee a notice under section 144 (for Best Judgement Assessment) after giving the assessee a reasonable opportunity of being heard.



- If the assessee further fails to respond within the time limit specified in Notice u/s 144, NeAC shall intimate the failure to AU.

4) **Draft Assessment Order**

- The AU shall, after considering the submissions of the assessee and all the material available on record, prepare a draft assessment order and send the same to the NeAC.
- NeAC upon receiving the draft order from the AU may take any of the following three steps:
  - Finalise the assessment as per the draft assessment order and serve the copy of the order along with the demand notice and notice for initiating the penalty proceedings (if required).
  - Provide an opportunity to the assessee, in case any modification is proposed, asking the assessee to show cause why the assessment should not be completed as per the Draft Order.
  - Assign draft order to RU of any of the ReAC for the review of the Draft Order. Such an assignment shall be through an automated allocation system without human intervention.
- The RU shall conduct the review of the Draft Assessment Order and may –
  - Concur with the draft assessment order; or
  - Suggest modification as it may deem fit and send the suggestions to NeAC.
- The NeAC upon receiving the feedback of the RU shall once again follow the above procedure until the order is finalized.

5) **After Finalization of assessment**

The NeAC shall after completion of assessment, transfer all the electronic records of the case to the Assessing Officer having jurisdiction over the assessee for: –

- Imposition of Penalty (now also faceless)
- Collection and recovery of demand
- Rectification of mistake
- Giving effect to appellate orders



- Submitting reports to be produced before Commissioner (Appeals)/Tribunal/courts as the case may be
  - Proposal seeking sanction for launch of prosecution and filing of complaint before the court
- 6) NeAC has an overriding power, to transfer the case to the AO having jurisdiction over the assessee, at any stage of assessment proceedings, if it considers necessary, thereby meaning that such case shall proceed with normal assessment and shall be out of the faceless assessment scheme.

### **Conclusion**

The introduction of faceless assessments and appeals is one of the most remarkable reforms of the NDA Government. While the scheme definitely has its advantages, subtle changes in the approach hitherto adopted shall definitely be required on the part of the taxpayers as well as the tax practitioners. The process of the taxpayer resolving doubts and holding discussions with Revenue Officers will now have to be substituted by extensive and time-bound written submissions. This will also call for the maintenance of robust paperwork. The skills of representation that the taxpayers have demonstrated when representing their case in person will now have to be demonstrated on paper. But, having said that, the advantages are far outweigh and the scheme shall go a long way in making the entire tax administration Seamless, Painless and Faceless.

### **Disclaimer**

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