

## Highlights of Faceless assessment

In the current scenario, Indian Tax litigation system takes lots of judicial time. Delay in dispute resolution, cost involved & increased magnitude of cases. Of course it also raises fear in investors and business community as investing without a concrete game plan is too scary ...

### **I. So a million dollar questions?**

- Does tax office function in autocratic manner - actually not always?
- Is it a case developing exercise across ladders?
- Where is justice?
- Amount of time and litigation cost involved vs Result of litigation & its utility for taxpayer

### **II. International Practice**

- International Professional Body – Tax charter – [Initiated in India](#)
- Alternate dispute resolution panel – [Practiced in India](#)
- Matters are not remanded back – facts are cleared at lower level itself – [Proposed in faceless scheme](#)
- Department cannot file appeal – [Practiced in multiple cases](#)
- Arbitration of cases
- Professional Body can suggest if a case is fit for HC or SC

..... it therefore demands for an efficient administrative policy from the Government which is gradually developed and introduced in form of Faceless assessment and taxpayer charter

### **III. New Features in Scheme**

- Scheme is applicable for scrutiny assessment and CIT (appeals)
- New Hierarchy
  - AU : Assessment scrutiny u/s 143, 144, 148 by Assessing Unit
  - VU : Verification related to assessment by Verification Unit
  - RU : Review of draft orders by Review Unit
  - TU : Technical support by Technical Unit
  - NEAC : Passing and dispatch of the final order by the NEAC.
- Centralise power of NEAC for selection and distribution of cases
- Communication with taxpayer/third party shall be made through electronic means using ITBA/Department portal
- Communication with taxpayer will be on registered email Id, Mobile App and Message on register number
- Risk Management Strategy by Automated examination tool, AI and machine learning.
- Seeking personal hearing at time of draft order by Video Conference only after approval
- Reply in 15 days of receipt of notice

### **IV. Challenges**

- Adequate infrastructure to handle volumes of data
- Security of data
- Multiple layers and communication whether will delay the process
- Risk of Fake emails
- Updating of new Communications details and tracking by taxpayer

- Faceless if is communication less may lead to high demand cases

## **V. Basic recipe for Taxpayer**

**A** - Audit stage - At planning stage or so called audit stage facts and supporting documents should be documented in retrievable condition

**B** - Built a case at first level - Understanding of matter & detail submission of facts, numbers, financials before lower authorities

**C** - Checklist for docs, counter arguments - Checklist for non standard documents to be gathered while auditing itself

**D** - Update Data - Since all communication will be online update your data on Income tax database and track it regularly

With Regards,

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