

FACELESS INCOME TAX ASSESSMENT STARTS TODAY. HOW IT WORKS AND BENEFITS THE TAXPAYERS

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Public Finance, Taxation & Black Money incl. Government Budgeting

Starting from Friday, all the income-tax appeals are set to go faceless. Unveiled by Prime Minister Narendra Modi in August, the faceless assessment scheme will "honour honest [income-tax](#) payers in the country." The Central Board of Direct Taxes (CBDT) said that now all income tax appeals, ranging from e-allocation of appeals, to e-communication of notices, e-verification, e-enquiry and e-hearing will take place online. "There will be no physical interface between the taxpayers or their counsel/s and the Income Tax Department. The taxpayers can make submissions from the comfort of their home and save their time and resources," it said.

Under faceless scrutiny assessment, a central computer picks up tax returns for scrutiny based on risk parameters and mismatch and then allots them randomly to a team of officers. This allocation is reviewed by officers at another randomly selected location and only if concurred, a notice is sent by the centralised computer system. All such notices need to be responded to electronically without the requirement of visiting a tax office or meeting any official.

"The faceless assessment scheme is a milestone initiative that has the potential to remove grey areas of the tax-administration. Doing away with the discretionary power available to tax assessing officers was unimaginable until a few days ago," said Ravi S. Raghavan - Tax Counsel, Majmudar & Partners.

The income tax department has already rolled out pan-India faceless assessment facilities for all taxpayers from August 13. Over 58,000 cases have already assigned under faceless tax scheme. The National e-Assessment Center in Delhi will be governing authority for all communication with taxpayers under the faceless assessment scheme. There will be regional centres in Mumbai, Kolkata, Hyderabad, Chennai, Pune, Ahmedabad and Bengaluru.

How it will benefit the taxpayers

"The intention behind faceless appeals is certainly noble but the implementation would be the key to ensure all steps are taken to achieve the desired objective of reducing harassment," said Indruj Rai, Partner, Khaitan & Co.

"Also, the taxpayer should still have the comfort that he is being fully heard on his point and the authority is yet approachable, especially in sophisticated cases, which otherwise involve several hearings and representations to convince the authorities," he added.

"The faceless appeal will provide taxpayers with not only great convenience, but will also ensure just and fair appeal orders and minimise any further litigation. The new system will also be instrumental in imparting greater efficiency, transparency and accountability in the functioning of the Income Tax Department," the tax department said.

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