FACELESS ASSESSMENT SCHEME

Assessment Centres & Units

National Faceless Assessment Centre/National E-Assessment Centre “NEC” (Centralised body at Delhi)

Regional Faceless Assessment Centre/Regional E-Assessment Centre “REC” (Regional Centres)

Assessment Unit (AU)
- Function of making Assessment
  - Identification of points/issues
  - Seeking information & clarification
  - Analysis of the material
  - Making draft assessment order

Verification Unit (VU)
- Function of Verification
  - Enquiry & Cross Verification
  - Examination of Books
  - Recording the statements
  - Examination of Witnesses

Technical Unit (TU)
- Function of Technical Assistance
  - Advice on Legal, Accounting, Forensic, Information Technology, Transfer Pricing, Valuation, Management or Technical matters

Review Unit (RU)
- Function of Review of draft order
  - Checking whether relevant & material evidence is on record, relevant points of facts, law & case laws are duly incorporated

PROCEDURE

NEC shall Intimate the Assessee that Assessment shall be completed as per this scheme, if assessee

- has filed ROI u/s 139 or in response to notice u/s 142(1) or 148 & AO issued notice u/s 143(2); or
- has NOT filed return in response to notice u/s 142(1); or
- has NOT filed return in response to notice u/s 148 & notice u/s 142(1) issued by AO

NEC shall assign case to any AU in any REC through automated allocation system (AAS)

AU may make request to NEC for

Obtaining information, documents or evidences from assessee or any other person

Conducting certain enquiry or verification by VU

Technical assistance from TU

NEC shall serve notice u/s 143(2) to assessee

Assessee may file response within 15 days from receipt of Notice
NEC to issue notice to assessee or any other person for info. or documents to be submitted within time given in notice to NEC

Assessee or any other person file response to NEC within time given in notice

If assessee fails to comply with above notice or notice u/s 142(1) or direction u/s 142(2A) then NEC shall serve show cause notice (SCN) u/s 144 as to why assessment should not be made u/s 144

If assessee's response not recd. or not satisfactory then NEC will intimate AU to make SCN u/s 144

On the basis of materials, AU to make draft assessment order u/s 143(3) or 144 or 143(3)/144 read with 147

In draft order AU may accept the return income or make variation and sent copy to NEC

NEC will examine draft assessment order in accordance with risk management strategy

Variation proposed by AU in returned income

NEC will provide opportunity of being heard to assessee, if variation is harmful for assessee

NEC assign case to any other AU through AAS

RU concur (agree) with draft order then intimate NEC about concurrence

RU suggested modification in draft order to NEC

NEC assign case to any other REC through AAS

New AU after considering suggestions of RU to sent Final draft order to NEC

Variation proposed by AU in returned income

NO Variation proposed by AU in returned income

NEC finalise the draft order & serve a copy of final order to assessee along with demand or refund and notice of intimating penalty if any

THE END

Assign draft order to RU in any REC through AAS for review of draft order

NO Variation proposed by AU in returned income

Variation proposed by AU in returned income
Assessee files response to NEC in time limit specified in notice or extended time

NEC shall send response to AU

AU after considering response of Assessee to send revised draft order to NEC

Variation not harmful to assesse

Eligible assesse as per 144C (ref. to DRP)

NEC will forward the draft order/final draft order/revised draft order to assesse

NEC will finalise the draft order/final draft order/revised draft order & serve a copy of final order to assesse along with demand or refund and notice of intimating penalty if any

THE END

Assessee does NOT files response to NEC in time limit specified

NEC will provide opportunity of being heard to assesse, if variation in revised draft order is harmful for assesse as compare to draft order or final draft order

Eligible assesse as per 144C (ref. to DRP)

NEC will finalise the draft order/final draft order/revised draft order & serve a copy of final order to assesse along with demand or refund and notice of intimating penalty if any

THE END

Assessee files objections to DRP

Directions recd. from DRP by NEC, NEC to forward directions to AU

AU will prepare draft order as per directions of DRP and forward to NEC

NEC will finalise the draft order & serve a copy of final order to assesse along with demand or refund and notice of intimating penalty if any

THE END

Assessee files acceptance to NEC or not filed objections to DRP within time given in section 144C

NEC will finalise the order & serve a copy of final order to assesse along with demand or refund and notice of intimating penalty if any

THE END

Assessee files acceptance to NEC or not

NEC will forward the draft order/final draft order/revised draft order to assesse

NEC will finalise the draft order/final draft order/revised draft order & serve a copy of final order to assesse along with demand or refund and notice of intimating penalty if any

THE END

AU will prepare draft order as per directions of DRP and forward to NEC

NEC will finalise the draft order & serve a copy of final order to assesse along with demand or refund and notice of intimating penalty if any

THE END

THE END
Some notes related to Faceless Assessments:

1. All communications between NEC, REC, AU, VU, RU, Assessee or any other person should be exclusively by electronic mode.

2. PCCIT or PDGIT incharge of NEC can transfer the case at any stage to jurisdictional AO.

3. Personal hearing NOT allowed in NEC, REC or any Unit.

4. Where opportunity of being heard provided to assessee by NEC then assessee or his representative may request for personal hearing to make oral submissions. In this case if CCIT or DGIT incharge of REC may allow personal hearing through VIDEO CONFERENCING or Video telephony.

5. Examination of records or statements of assessee or any other person shall be conducted by IT authorities only through video conferencing.

6. CBDT will establish facilities for video conferencing at various locations so assessee or any other person can use them if they are not having facilities at their end.

7. AU, VU, TU & RU shall have following authorities;
   a. Add. CIT or Add. DIT or JC or JD
   b. DC or DD or AC or AD or ITO
   c. Such other authorities, ministerial staff, executive or consultant as consider by CBDT

8. For Faceless assessment section 144B applicable w.e.f. 01/04/2021 (given in annexure: 3 vol-2 of compact). Upto 31.04.21 notification issued on 13.08.2020 (given in annexure: 1 vol-1 of compact) applicable. Above charts prepared as per section 144B.

by

CA Bhanwar Borana

(BB)
FACELESS APPEAL SCHEME, 2020

National Faceless Appeal Centre (NFAC) (Centralised body)

Regional Faceless Appeal Centre (RFAC) (Regional body)

Appeal Unit (AU) (one or more CIT(A))

Functions of disposing appeal by Appeal Unit(AU)
- Admitting additional grounds of appeal
- Directions NEC or AO for Making further enquiries
- Seeking information and clarification
- Providing opportunity of being heard
- Analysing the material furnish by applicant
- Review of draft order

PROCEDURE

NFAC shall assign Appeal to AU in any one RFAC through AAS

Where appeal filed after time limit (30days), the AU may accept the appeal if sufficient cause & in any other case may reject the appeal & intimate to NFAC

Where assessee NOT filed return then he has to pay amount equal to Advance Tax before filing of appeal otherwise AU will reject the appeal or if assessee makes application for exemption then AU may exempt to pay tax and intimate to NFAC

Where appeal is Admitted, AU may request to NFAC to

Obtain such information, document & evidence from appellant or any other person

Obtain a report from AO or NEC on grounds of appeal or document or evidence filed by appellant

Direct the NEC or AO to make further enquiry & submit report of same
NFAC Shall serve notice to appellant, other person, AO/NEC to furnish documents, evidence or report as specified by AU

Appellant, other person, AO/NEC to file response or report to NFAC within time allowed by NFAC

NFAC to forward such document/report to AU. If no response/report is received, informed to AU

Appellant may file additional grounds of appeal to NFAC along with reason of omission of such grounds

NFAC shall send add. grounds to AO or NEC for their comments & to the AU

NFAC shall forward comments recd. from AO/NEC to AU or intimate to AU if no response filed by AO/NEC

AU after taking into consideration the comments, may admit the grounds if omission was not wilful otherwise reject the grounds & intimate to NFAC

NFAC shall intimate to appellant to about acceptance or rejection of grounds

Appellant may file additional evidences to NFAC in cases referred in rule 46A

NFAC shall send add. evidences to AO/NEC for furnishing a report

NFAC shall forward report recd. from AO/NEC to AU or intimate to AU if no report filed by AO/NEC

AU after taking into consideration the report & evidences, may admit the evidences or reject the evidences after recording the reasons & intimate to NFAC

NFAC shall intimate to appellant & AO/NEC to about acceptance or rejection of evidences

AU before taking into consideration evidences in appellate proceedings shall sent a notice providing opportunity of being heard to NEC/AO for examine evidence or to cross examine witnesses or to produce evidence/witness/document in rebuttal of evidence or witness filed by appellant & to furnish report thereof, sent such notice to NFAC

NFAC sent notice to NEC/GO, NEC/GO shall furnish report within time allowed in notice NFAC. NFAC shall forward report to AU or intimate AU if not furnished by NEC/GO
NEC/AO may request NFAC to direct the production of document/evidence or examination of witness produced by appellant, NFAC shall send request to AU

AU if deems fit, shall prepare a notice & sent to NFAC directing the appellant to produce document/evidence or to examine any other person. NFAC to forward notice to appellant or witness

Appellant/witness to file response to NFAC within time allowed in notice. NFAC to forward such response to AU or inform if no response filed

Where AU intend to enhance an assessment or penalty or reduce the refund, AU shall prepare SCN containing the reason for such enhancement/reduction & forward to NFAC

NFAC shall serve notice to appellant to file response in time given in notice. NFAC to forward response to AU or inform if no response filed

AU shall after taking into account all the relevant material available on the record, including response filed by appellant or any other person or report furnished by AO/NEC; prepare Draft order & send to NFAC

If the aggregate amount of tax, penalty, interest, fees disputed in appeal is more than specified amount then

send draft order to any other AU in any RFAC through AAS for review of order

Otherwise examine the draft order in accordance with risk management strategy specified by CBDT & it may decide to

Finalise the appeal as per draft order

Suggest Variation to the draft order to NFAC

AU agree with draft order

NFAC shall assign appeal to any other AU in any RFAC through AAS. This AU after considering suggestions for variations, prepare revise draft order and send to NFAC
NFAC shall finalised the order and communicate order to Appellant, PCCIT/CCIT/PCIT/ CIT, NEC/AO along with SCN to applicant as to why penalty should not be charged where penalty has been recommended by AU in draft or revised draft order

Rectification Procedure

Application for rectification of mistake can be filed to NFAC by:
- Appellant
- AU (prepared draft/revised draft order/reviewed draft order)
- NEC/AO

NFAC shall assign application to AU in any one RFAC through AAS

Opportunity of being heard to be given
- to NEC/AO, where application filed by appellant or
- to appellant, where application filed by NEC/AO or
- to appellant, NEC/AO where application filed by AU

AU after considering application & response of appellant or NEC/AO, prepare a draft order to rectified the mistake or rejection the application citing reason thereof; & send draft order to NFAC

NFAC to pass final order as per draft order & communicate to appellant & NEC/AO
Some notes related to Faceless CIT APPEALS:

1. All communications between NFAC, RFAC, AU, appellant, NEC/AO or any other person should be exclusively by electronic mode.
2. PCCIT or PDGIT incharge of NFAC can transfer the case at any stage to jurisdictional CIT(A) with the approval of CBDT.
3. Personal hearing NOT allowed in NFAC, RFAC or Appeal Unit.
4. Appellant or his representative may request for personal hearing to make oral submissions before appeal unit. In this case if CCIT or DGIT incharge of RFAC may allow personal hearing through VIDEO CONFERENCING or Video telephony.
5. Examination of records or statements of assessee or any other person shall be conducted by CIT(A) only through video conferencing.
6. CBDT will establish facilities for video conferencing at various locations so appellant or any other person can use them if they are not having facilities at their end.
7. Appeal against order of NFAC shall lie at jurisdictional ITAT.

by

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(BB)