**FACELESS SCHEMES**

Following 15 faceless schemes are added by “The Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020”.

<table>
<thead>
<tr>
<th>Sr No</th>
<th>FACELESS SCHEMES</th>
<th>Notified or not till 20th Feb 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>FACELESS ASSESSMENT SCHEME</td>
<td>YES</td>
</tr>
<tr>
<td>2</td>
<td>FACELESS INQUIRY &amp; VALUATION</td>
<td>NO</td>
</tr>
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<td>3</td>
<td>FACELESS ASSESSMENT OF INCOME ESCAPING ASSESSMENT</td>
<td>NO</td>
</tr>
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<td>4</td>
<td>FACELESS CIT(A)</td>
<td>YES</td>
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<tr>
<td>5</td>
<td>FACELESS APPEAL TO TRIBUNAL</td>
<td>NO</td>
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<td>6</td>
<td>FACELESS REVISION</td>
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<td>7</td>
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<td>FACELESS PROVISION FOR CONSTITUTION OF ALTERNATE DISPUTE RESOLUTION MECHANISM</td>
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<td>FACELESS PENALTY</td>
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<td>11</td>
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<td>FACELESS COLLECTION OF INFORMATION</td>
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<tr>
<td>13</td>
<td>FACELESS APPROVAL OR REGISTRATION</td>
<td>NO</td>
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<tr>
<td>14</td>
<td>FACELESS JURISDICTION OF INCOME-TAX AUTHORITIES</td>
<td>NO</td>
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<tr>
<td>15</td>
<td>FACELESS COLLECTION AND RECOVERY OF TAX</td>
<td>NO</td>
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</table>

CA AARISH KHAN
FACELESS ASSESSMENT SCHEME:

Scheme to be notified by the Central Government for greater efficiency, transparency and accountability [Section 143(3A)/(3B)/(3C)/144]:

(i) The Central Government is empowered to notify a Scheme for assessing total income or loss of the assessee under section 143(3) or section 144. Accordingly, the Central Government has, vide Notification No.61/2019 dated 12.9.2019 as amended by Notification No.60/2020 dated 13.8.2020, notified the Faceless Assessment Scheme, wherein the assessment would be made in respect of such territorial area, or persons or class of persons, or incomes or class of incomes, or cases or class of cases, as may be specified by the CBDT [Refer to the income-tax website https://www.incometaxindia.gov.in/Pages/default.aspx which contains the Faceless Assessment Scheme].

(ii) The Scheme would ensure greater efficiency, transparency & accountability by –
(a) eliminating the interface between the Assessing Officer and the assessee in the course of proceedings to the extent technologically feasible;
(b) optimising utilisation of the resources through economies of scale and functional specialisation;
(c) introducing a team-based assessment with dynamic jurisdiction.

The Scheme so notified has to be laid before each House of Parliament.

(iii) In order to give effect to this scheme, the Central Government, may direct on or before 31.03.2021 by way of notification, that the other provisions of this Act relating to assessment of total income or loss would not apply or would apply with certain exceptions, modifications and adaptations specified in the notification. Accordingly, the Central Government has, vide Notification No. 62 dated 12.9.2019 as amended by Notification No.61/2020 dated 13.8.2020, for the purposes of giving effect to the Faceless Assessment Scheme made under section 143(3A), directed that the provisions of section 2(7A), section 92CA, section 120, section 124, section 127, section 129, section 131, section 133, section 133A, section 133C, section 134, Chapter XIV and Chapter XXI of the Income-tax Act, 1961 would apply to the assessment made in accordance with the said Scheme subject to certain exceptions, modifications and adaptations listed in said notification.

(iv) Sub section (3D) was inserted in section 143 (vide Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020) which specifies that Faceless Assessment Scheme notified under this section shall not be applicable to the assessment made under section 143(3) or section 144 on or after 1st April, 2021. Thus, the scheme notified under this section would be applicable up to 31.3.2021.

Consequently, new section 144B has been inserted with effect from 1.4.2021 by Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 for defining the structure of the Faceless Assessment Scheme, wherein the assessment would be made in respect of such territorial area, or persons or class of persons, or incomes or class of incomes, or cases or class of cases, as may be specified by the CBDT in faceless manner. The assessment in accordance with the new scheme will be applicable from 1st April, 2021.
FACELESS ASSESSMENT [SECTION 144B]

The Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 has introduced faceless assessment under section 144B w.e.f. 1st April, 2021. “Faceless assessment” means the assessment proceedings conducted electronically in 'e-Proceeding' facility through assessee's registered account in designated portal.

(1) Procedure for Faceless Assessment [Section 144B(1)] - Section 144B(1) provides that assessment under section 143(3) i.e., regular assessment/scrutiny assessment or best judgment assessment under section 144 in respect of such territorial area or persons or classes of persons or incomes or class of incomes or cases or class of cases, as specified by the CBDT under section 144B(2), has to be made in faceless manner in accordance with the following procedure:

<table>
<thead>
<tr>
<th>Clause</th>
<th>Provision</th>
</tr>
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<tbody>
<tr>
<td>(i)</td>
<td><strong>Serving of notice:</strong> The National Faceless Assessment Centre (NFAC) has to serve a notice on the assessee under section 143(2)</td>
</tr>
<tr>
<td>(ii)</td>
<td><strong>Filing of response to the notice by the assessee:</strong> The assessee is required to file his response to the notice within 15 days from the date of receipt of the notice to the NFAC.</td>
</tr>
<tr>
<td>(iii)</td>
<td><strong>Intimation by NFAC to the assessee:</strong> The NFAC has to intimate the assessee that assessment in his case would be completed in accordance with the procedure laid down under this section in the following cases -</td>
</tr>
<tr>
<td></td>
<td>I. Where the assessee has furnished his return of income</td>
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<td>- under section 139; or</td>
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<td></td>
<td>- in response to a notice issued under section 142(1); or</td>
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<td></td>
<td>- in response to notice issued under section 148(1)</td>
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<td></td>
<td>and a notice under section 143(2) has been issued by the Assessing Officer or the prescribed income-tax authority, as the case may be; or</td>
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<td></td>
<td>II. Where assessee has not furnished his return of income</td>
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<td></td>
<td>- in response to a notice issued under section 142(1) by the Assessing Officer or</td>
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<tr>
<td></td>
<td>- under section 148(1) and a notice under section 142(1) has been issued by the Assessing Officer</td>
</tr>
<tr>
<td>(iv)</td>
<td><strong>Assigning the selected case to a specific assessment unit:</strong> The NFAC has to <strong>assign</strong> the case selected for the purposes of faceless assessment under this section to a <strong>specific assessment unit</strong> in any one Regional Faceless Assessment Centre (RFAC) through an automated allocation system (AAS).</td>
</tr>
<tr>
<td>(v)</td>
<td><strong>Request by Assessment Unit to NFAC for obtaining information/conducting enquiry:</strong> Where a case is assigned to the assessment unit, it may make a request to the NFAC for—</td>
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<tr>
<td></td>
<td>(a) obtaining such further information, documents or evidence from the assessee or any other person, as it may specify;</td>
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<tr>
<td></td>
<td>(b) conducting of certain enquiry or verification by verification unit; and</td>
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<tr>
<td></td>
<td>(c) seeking technical assistance from the technical unit.</td>
</tr>
<tr>
<td>(vi)</td>
<td><strong>Notice or requisition to the assessee or any other person for obtaining the information:</strong> The NFAC has to issue appropriate notice or requisition to the assessee or any other person for obtaining the information, documents or evidence requisitioned by the assessment unit.</td>
</tr>
<tr>
<td>(vii) Assessee to file response to the notice within specified time:</td>
<td>The assessee would be required to file response to the notice within the time specified therein or such time as may be extended on the basis of an application in this regard, to the NFAC.</td>
</tr>
<tr>
<td>(viii) Request for conducting inquiry or verification to be assigned to Verification Unit by NFAC:</td>
<td>Where a request for conducting of certain enquiry or verification by the verification unit has been made by the assessment unit, the request would be assigned by the NFAC to a verification unit in any one Regional Faceless Assessment Centre through an automated allocation system.</td>
</tr>
<tr>
<td>(ix) Request for seeking technical assistance to be assigned to Technical Unit by NFAC:</td>
<td>Where a request for seeking technical assistance from the technical unit has been made by the assessment unit, the request would be assigned by the NFAC to a technical unit in any one Regional Faceless Assessment Centre through an automated allocation system.</td>
</tr>
<tr>
<td>(x) Report received from the Verification Unit/Technical Unit to be sent to Assessment Unit:</td>
<td>The NFAC has to send the report received from the verification unit or the technical unit to the concerned assessment unit.</td>
</tr>
<tr>
<td>(xi) Serving notice u/s 144 for failure on the part of the assessee to comply with notice seeking information/direction:</td>
<td>Where the assessee fails to comply with the notice seeking information or evidence or notice issued under section 142(1) or with a direction issued under section 142(2A) for special audit, the NFAC has to serve upon such assessee a notice under section 144 giving him an opportunity to show-cause, on a date and time to be specified in the notice, why the assessment in his case should not be completed to the best of its judgment.</td>
</tr>
<tr>
<td>(xii) Assessee to file response to a notice under section 144:</td>
<td>The assessee has to, within the time specified in the notice or such time as may be extended on the basis of an application in this regard, file his response to the NFAC.</td>
</tr>
<tr>
<td>(xiii) Intimation to Assessment Unit, of failure on the part of the assessee to file response to notice issued u/s 144:</td>
<td>Where the assessee fails to file response to the notice within the time specified therein or within the extended time, if any, the NFAC has to intimate such failure to the assessment unit.</td>
</tr>
<tr>
<td>(xiv) Making of draft assessment order by the Assessment Unit:</td>
<td>The assessment unit has to, after taking into account all the relevant material available on the record or, in a case where intimation for failure to respond to notice is received from the NFAC, make in writing, a draft assessment order to the best of its judgment, either accepting the income or sum payable by, or sum refundable to, the assessee as per his return or making variation to the said income or sum, and send a copy of such order to the NFAC.</td>
</tr>
<tr>
<td>(xv) Details of penalty proceedings to be mentioned in draft assessment order:</td>
<td>While making draft assessment order, the assessment unit has to also provide details of the penalty proceedings to be initiated therein, if any.</td>
</tr>
<tr>
<td>(xvi) Examination of draft assessment order by the NFAC:</td>
<td>NFAC has to examine the draft assessment order in accordance with the risk management</td>
</tr>
</tbody>
</table>
strategy specified by the CBDT, including by way of an automated examination tool, whereupon it may decide to—

(a) **finalise the assessment**, in case no variation prejudicial to the interest of assesse is proposed, as per the draft assessment order and serve a copy of such order and notice for initiating penalty proceedings, if any, to the assesse, along with the demand notice, specifying the sum payable by, or refund of any amount due to, the assesse on the basis of such assessment; or

(b) **provide an opportunity to the assesse**, in case any variation prejudicial to the interest of assesse is proposed, by serving a notice calling upon him to show-cause as to why the proposed variation should not be made; or

(c) **assign the draft assessment order to a review unit** in any one Regional Faceless Assessment Centre, through an automated allocation system, for conducting review of such order.

(xvii) **Review of the draft assessment order by Review Unit:** The review unit would conduct review of the draft assessment order referred to it by the NFAC whereupon it may decide to—

(a) **concur with the draft assessment order** and intimate the NFAC about such concurrence; or

(b) **suggest such variation**, as it may deem fit, in the draft assessment order and send its suggestions to the NFAC.

(xviii) **Procedure to be followed by NFAC on receiving concurrence from Review Unit:** The NFAC, upon receiving the concurrence of the review unit, has to follow the procedure laid down in sub-clause (a) or (b) of clause (xvi).

(xix) **Procedure to be followed by NFAC on receiving suggestion for variations from Review Unit:** Upon receiving suggestions for variation from the review unit, the NFAC has to **assign the case to an assessment unit, other than the assessment unit which has made the draft assessment order**, through an automated allocation system.

(xx) **Assessment Unit to send Final draft assessment order to NFAC:** After considering the variations suggested by the review unit, the assessment unit has to send the final draft assessment order to the NFAC.

(xxi) **Procedure to be followed by NFAC on receiving final draft assessment order:** Upon receiving the final draft assessment order, the NFAC has to follow the procedure laid down in sub-clause (a) or (b) of clause (xvi).

(xxii) **Furnishing of response by the assesse to show cause notice:** The assesse may, in a case where show-cause notice has been served upon him, furnish his response to the NFAC on or before the date and time specified in the notice or within the extended time, if any.

(xxiii) **Procedure on receipt/non-receipt of response from the assesse:**

(a) **Where no response to the show-cause notice is received** – In such a case, the NFAC has to-

1. **forward the draft assessment order or final draft**
<table>
<thead>
<tr>
<th>Clause</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>(xvi)</td>
<td>Assessment order to such assessee; or</td>
</tr>
<tr>
<td>(2)</td>
<td>In any other case, finalise the assessment as per the draft assessment order or the final draft assessment order and serve a copy of such order and notice for initiating penalty proceedings, if any, to the assessee, along with the demand notice, specifying the sum payable by, or refund of any amount due to, the assessee on the basis of such assessment;</td>
</tr>
<tr>
<td>(b)</td>
<td>In any other case, the NFAC has to send the response received from the assessee to the assessment unit.</td>
</tr>
</tbody>
</table>

(xxiv) Assessment Unit to make revised draft assessment order: After taking into account the response furnished by the assessee, the assessment unit has to make a revised draft assessment order and send it to the NFAC.

(xxv) Procedure on receipt of revised draft assessment order by NFAC: Upon receiving the revised draft assessment order, the NFAC has to -

(a) in case the variations proposed in the revised draft assessment order are not prejudicial to the interest of the assessee in comparison to the draft assessment order or the final draft assessment order, and—

(A) in case the revised draft assessment order is in respect of an eligible assessee and there is any variation prejudicial to the interest of the assessee proposed in draft assessment order or the final draft assessment order, forward the said revised draft assessment order to such assessee;

(B) in any other case, finalise the assessment as per the revised draft assessment order and serve a copy of such order and notice for initiating penalty proceedings, if any, to the assessee, along with the demand notice, specifying the sum payable by, or refund of any amount due to, the assessee on the basis of such assessment;

(b) in case the variations proposed in the revised draft assessment order are prejudicial to the interest of the assessee in comparison to the draft assessment order or the final draft assessment order, provide an opportunity to the assessee, by serving a notice calling upon him to show-cause as to why the proposed variation should not be made.

In such case, the procedure laid down in Clauses (xxiii), (xxiv) and (xxv) would apply mutatis mutandis to such notice referred to above. [Clause (xxvi)].

(xxvi) Eligible assessee file his acceptance of the variations to the NFAC: The assessee has to file his acceptance to the NFAC with respect to any variation proposed in draft assessment order or the final assessment order within the period of 30 days of the receipt of the draft or order as specified under section 144C(2).

(xxvii) Finalisation of assessment by NFAC upon receipt of acceptance from eligible assessee or where no objections are received from eligible assessee: Upon receipt of the acceptance from the eligible assessee or if no objections are received from the eligible assessee within the 30 days period as specified under section 144C(2), the NFAC has to proceed to finalise the assessment within the time allowed under section 144C(4) i.e. 1 month from the end of month in which the acceptance is received or period of 30
days for filing objection expires. The NFAC has to serve a copy of such order and notice for initiating penalty proceedings, if any, to the assessee, along with the demand notice, specifying the sum payable by, or refund of any amount due to, the assessee on the basis of such assessment.

**(xxviii) NFAC to forward directions of DRP to Assessment Unit:** Where the eligible assessee files his objections with the Dispute Resolution Panel, the NFAC has to, upon receipt of the directions issued by the Dispute Resolution Panel under section 144C(5), forward such directions to the concerned **Assessment Unit.**

**(xxix) Assessment Unit to prepare a draft assessment order:** In conformity of the directions issued by the DRP under section 144C(5), the Assessment Unit has to prepare a draft assessment order in accordance with section 144C(13) and send a copy of such order to the NFAC.

**(xxx) Finalisation of assessment by the NFAC:** Upon receipt of the draft assessment order, the NFAC would finalise the assessment within the time allowed under section 144C(13) i.e. within 1 month from the end of month in which direction is received and serve a copy of such order and notice for initiating penalty proceedings, if any, to the assessee, along with the demand notice, specifying the sum payable by, or refund of any amount due to, the assessee on the basis of such assessment.

**(xxxi) Transfer of electronic records of the case to the jurisdictional AO after completion of assessment:** After completion of assessment, the NFAC should transfer all the electronic records of the case to the Assessing Officer having jurisdiction over the said case for such action as may be required under the Income-tax Act, 1961.

(2) **NFAC/RFACs/AUs/VUs/Rus to be set up for the purpose of faceless assessment [Section 144B(3)]-** For the purpose of faceless assessment, the CBDT, may set up the following Centers and Units and specify their respective jurisdiction –

<table>
<thead>
<tr>
<th>National Faceless Assessment Center (NFAC)</th>
<th>To facilitate the conduct of faceless assessment proceedings in a centralised manner, NFAC to be set up, which shall be vested with the jurisdiction to make faceless assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Faceless Assessment Center (RFAC)</td>
<td>To facilitate the conduct of faceless assessment proceedings in the cadre controlling region of a Principal Chief Commissioner, RFACs to be set up, which shall be vested with the jurisdiction to make faceless assessment</td>
</tr>
</tbody>
</table>
| Assessment Units (AUs)                   | To facilitate the conduct of faceless assessment, Assessment Units, as deemed necessary, may be set up to perform the function of making assessment, which includes  
  • identification of points or issues material for the determination of any liability (including refund) under the Act,  
  • seeking information or clarification on points or issues so identified,  
  • analysis of the material furnished by the assessee or any other person, and  
  • such other functions as may be required for the purposes of making faceless assessment. |
### Verification Units (VUs)
To facilitate the conduct of faceless assessment, Verification Units (VUs) as deemed necessary, may be set up to perform the function of verification, which includes:
- enquiry, cross verification, examination of books of account, examination of witnesses and recording of statements, and
- such other functions as may be required for the purposes of verification.

### Technical Units (TUs)
To facilitate the conduct of faceless assessment, Technical Units (TUs) as deemed necessary, may be set up to perform the function of providing technical assistance which includes any assistance or advice on legal, accounting, forensic, information technology, valuation, transfer pricing, data analytics, management or any other technical matter which may be required in a particular case or a class of cases, under this section.

### Review Units (RUs)
To facilitate the conduct of faceless assessment, Review Units (RUs) as deemed necessary, may be set up to perform the function of review of the draft assessment order, which includes checking:
- whether the relevant and material evidence has been brought on record,
- whether the relevant points of fact and law have been duly incorporated in the draft order,
- whether the issues on which addition or disallowance should be made have been discussed in the draft order,
- whether the applicable judicial decisions have been considered and dealt with in the draft order,
- for arithmetical correctness of variations proposed, if any, and
- such other functions as may be required for the purposes of review.

(3) **Authorities constituting AU/TU/VU/RU [Section 144B(4)]:** The assessment unit, verification unit, technical unit and the review unit will have the following authorities:
(4) **Communication among the units or with assessee to be routed through NFAC [Section 144B(5)]:** All communication among the assessment unit, review unit, verification unit or technical unit or with the assessee or any other person with respect to the information or documents or evidence or any other details, as may be necessary for the purposes of making a faceless assessment has to be through the National Faceless Assessment Centre.

(5) **Communication between the NFAC and the assessee, and internal communications between NFAC and other units to be exchanged exclusively through electronic mode [Section 144B(6)]:** All communications between the NFAC and the assessee, or his authorised representative, or any other person have to be exchanged exclusively by electronic mode. Further, all internal communications between the NFAC, RFAC and various units have to be exchanged exclusively by electronic mode. However, in certain circumstances, enquiry or verification may be conducted by the verification unit, otherwise than by electronic mode. The said circumstances would be laid down by the Principal Chief Commissioner or Principal Director General in charge of NFAC.

(6) **Authentication of electronic record through digital signature [Section 144B(7)(i)]:**

For the purposes of faceless assessment, an electronic record has to be authenticated by—

(a) **NFAC:** by affixing its digital signature.

(b) **Assessee or any other person:** by affixing his digital signature if he is required to furnish his return of income under digital signature, and in any other case, by affixing his digital signature or under electronic verification code in the prescribed manner;

(7) **Delivery of notice/order electronically to the assessee or any other person [Section 144B(7)(ii)/(iii)/(iv)/(v)]:** All notices, orders and other electronic communication have to be delivered to the addressee, being the assessee, by way of—

(a) placing an authenticated copy thereof in the assessee's registered account; or

(b) sending an authenticated copy thereof to the registered email address of the assessee or his authorised representative; or

(c) uploading an authenticated copy on the assessee's Mobile App and followed by a real time alert.

All notices, orders and other electronic communication have to be delivered to the addressee, being any other person, by sending an authenticated copy thereof to the registered e-mail address of such person, followed by a real time alert.

The assessee has to file his response to any notice or order or any other electronic communication, through his registered account. Once an acknowledgement is sent by the NFAC containing the hash result generated upon successful submission of response, the response shall be deemed to be authenticated.

The time and place of dispatch and receipt of electronic record has to be determined in accordance with section 13 of the Information Technology Act, 2000.
(8) Standards, procedures and processes for effective functioning of the set up Centres/units [Section 144B(7)(xii)]: The Principal Chief Commissioner or the Principal Director General, in charge of the NFAC has to, with the prior approval of the CBDT, lay down the standards, procedures and processes for effective functioning of the NFAC, RFACs and the unit set up, in an automated and mechanised environment, including format, mode, procedure and processes in respect of the following, namely
   (a) service of the notice, order or any other communication;
   (b) receipt of any information or documents from the person in response to the notice, order or any other communication;
   (c) issue of acknowledgement of the response furnished by the person;
   (d) provision of "e-proceeding" facility including login account facility, tracking status of assessment, display of relevant details, and facility of download;
   (e) accessing, verification and authentication of information and response including documents submitted during the assessment proceedings;
   (f) receipt, storage and retrieval of information or documents in a centralised manner;
   (g) circumstances in which enquiry or verification may be conducted by the Verification Unit otherwise than by electronic mode.
   (h) circumstances in which personal hearing shall be approved;
   (i) general administration and grievance redressal mechanism in the respective Centres and units.

(9) No personal appearance required [Section 144B(7)(vi)]: A person would not be required to appear either personally or through authorised representative in connection with any proceedings before the income-tax authority at the NFAC or RFAC or any unit set up.

(10) Request by assessee for personal hearing in specific cases [Section 144B(7)(vii)]: In a case where a variation is proposed in the draft assessment order or final draft assessment order or revised draft assessment order, and an opportunity is provided to the assessee by serving a notice calling upon him to show-cause as to why the assessment should not be completed as per such draft or final draft or revised draft assessment order, the assessee or his authorised representative, as the case may be, may request for personal hearing so as to make his oral submissions or present his case before the income-tax authority in any unit.

(11) Approval of request for personal hearing [Section 144B(7)(viii)/(ix)]: The Chief Commissioner or the Director General, in charge of the RFAC, in which the concerned unit is set up, may approve the request for personal hearing if he is of the opinion that the request is covered by the circumstances referred to in (h) of (8) above. Such hearing has to be conducted exclusively through video conferencing or video telephony, including use of any telecommunication application software which supports video conferencing or video telephony, in accordance with the procedure laid down by the CBDT.
(12) **Examination or recording of statement exclusively through video conferencing or video telephony [Section 144B(7)(x)/(xi)]**: Any examination or recording of the statement of the assessee or any other person (other than statement recorded in the course of survey under section 133A) has to be conducted by an income-tax authority in any unit, exclusively through video conferencing or video telephony, including use of any telecommunication application software which supports video conferencing or video telephony in accordance with the procedure laid down by the CBDT.

For this purpose, suitable facilities for video conferencing or video telephony shall be established, including telecommunication application software which supports video conferencing or video telephony at such locations as may be necessary, so as to ensure that the assessee, or his authorized representative, or any other person is not denied the benefit of faceless assessment merely on the consideration that such assessee or his authorised representative, or any other person does not have access to video conferencing or video telephony at his end.

(13) **Transfer of case to jurisdictional Assessing Officer [Section 144B(8)]**: The Principal Chief Commissioner or the Principal Director General in charge of NFAC may, at any stage of the assessment, if considered necessary, transfer the case to the Assessing Officer having jurisdiction over such case. However, prior approval of the CBDT may be required in such cases.

(14) Assessment on or after 1.4.2021 made otherwise than by way of Faceless Assessment as per this section to be non-est – An assessment made under section 143(3) or section 144 [other than the cases transferred to jurisdictional Assessing Officer under section 144B(8)], on or after 1st April, 2021, would be non-est if such assessment is not made in accordance with the procedure laid down under this section. This is notwithstanding anything contained in any other provision of the Income-tax Act, 1961.

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**FACELESS INQUIRY & VALUATION [SECTION 142B]**

Section 142B has been inserted with effect from 1st November, 2020 to empower the Central Government to notify scheme for faceless processes for eliminating physical interface.

(1) **Faceless scheme [Section 142B(1)]** - The Central Government is empowered to make a scheme (faceless inquiry and valuation scheme) by notification in Official Gazette for the purpose of:

   a. issuing notice under section 142(1) or
   b. making inquiry to obtain full information in respect of the income or loss of any person under section 142(2) or
   c. directing the assessee to get the accounts audited by an accountant under section 142(2A) or
   d. making a reference to the valuation officer to estimate the value of any asset, property or investment under section 142A.

The objective of the scheme is to impart greater efficiency, transparency and accountability by:

   (i) eliminating the interface between the income-tax authority or Valuation Officer and the assessee or any person to the extent technologically feasible
Faceless Schemes
CA Aarish Khan
AJ Education NeXt

(ii) optimising utilisation of the resources through economies of scale and functional specialisation;
(iii) introducing a team-based issuance of notice or making of enquiries or issuance of directions or valuation with dynamic jurisdiction

(2) **Applicability or non-applicability of other provisions of the Act [Section 142B(2)]** - The Central Government may, for the purpose of giving effect to the Faceless Inquiry and Valuation Scheme, by notification in the Official Gazette, direct that any provision of this Act shall not apply or shall apply with such modification, exceptions and adaptations as necessary.

No such direction can, however, be issued by the Central Government after 31st March, 2022.

(3) **Notification issued above to be laid before each House of Parliament [Section 142B (3)]** - Every such notification issued by the Central Government either under sub-section (1) or (2) of the section 142B has to be laid before each House of Parliament as soon as possible.

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**FACELESS ASSESSMENT OF INCOME ESCAPING ASSESSMENT [SECTION 151A]**

Section 151A has been inserted with effect from 1st November, 2020 by the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020, to provide for faceless assessment of income escaping assessment.

(1) **Faceless assessment scheme for income escaping assessment:** Faceless assessment scheme for income escaping assessment may be notified by the Central Government, for the purposes of assessment, reassessment or re-computation under section 147 or issuance of notice under section 148 or sanction for issue of such notice under section 151, so as to impart greater efficiency, transparency and accountability by—

(a) eliminating the interface between the income-tax authority and the assessee or any other person to the extent technologically feasible;

(b) optimising utilisation of the resources through economies of scale and functional specialisation;

(c) introducing a team-based assessment, reassessment, re-computation or issuance or sanction of notice with dynamic jurisdiction.

(2) **Applicability or non-applicability of any of the provisions of the Act as may be notified by the Central Government to give effect to the Scheme:** The Central Government may, for the purpose of giving effect to the scheme, direct that any of the provisions of the Income-tax Act, 1961 shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in the notification. However, no direction shall be issued after 31st March, 2022.

(3) **Notification to be laid before each House of Parliament:** Every notification issued has to be laid before each House of Parliament, as soon as may be after the issue.
FACELESS CIT(A):

Section 250(6B) empowers the Central Government to make a scheme, by notification in the Official Gazette, for the purposes of disposal of appeal by Commissioner (Appeals), so as to impart greater efficiency, transparency and accountability by—

a) eliminating the interface between the Commissioner (Appeals) and the appellant in the course of appellate proceedings to the extent technologically feasible;
b) optimising utilisation of the resources through economies of scale and functional specialisation;
c) introducing an appellate system with dynamic jurisdiction in which appeal shall be disposed of by one or more Commissioner (Appeals).

Accordingly, in the exercise of powers under section 250(6B) of the Act, the Central Government has notified Faceless Appeal Scheme, 2020 [Refer Annexure at the end of this Chapter].

The Central Government may, for the purpose of giving effect to such scheme, by notification in the Official Gazette, direct that any of the provisions of the Income-tax Act, 1961 relating to jurisdiction and procedure for disposal of appeals by Commissioner (Appeals) would not apply or would apply with such exceptions, modifications and adaptations as may be specified in the notification.

However, no such direction can be issued after 31.3.2022 [Section 250(6C)].

Every such notification issued under section 250(6B) or section 250(6C) has to be laid before each House of Parliament as soon as may be after issue of the notification.

Notification No. 77/2020 dated 25.9.2020 is given as Annexure at the end of this Chapter.
FACELESS APPEAL TO TRIBUNAL:

(1) The Central Government may make a scheme, by notification in the Official Gazette, for the purposes of appeal to the Appellate Tribunal under sub-section (2), so as to impart greater efficiency, transparency and accountability by—

(a) optimising utilisation of the resources through economies of scale and functional specialisation;

(b) introducing a team-based mechanism for appeal to the Appellate Tribunal, with dynamic jurisdiction.

(2) The Central Government may, for the purpose of giving effect to the scheme made under this section, by notification in the Official Gazette, direct that any of the provisions of this Act shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in the notification:

Provided that no direction shall be issued after the 31st day of March, 2022.

(3) Every notification issued under this section shall, as soon as may be after the notification is issued, be laid before each House of Parliament.

FACELESS REVISION [SECTION 264A]

(1) The Central Government may make a scheme, by notification in the Official Gazette, for the purposes of revision of orders under section 263 or section 264, so as to impart greater efficiency, transparency and accountability by—

(a) eliminating the interface between the income-tax authority and the assessee or any other person to the extent technologically feasible;

(b) optimising utilisation of the resources through economies of scale and functional specialisation;

(c) introducing a team-based revision of orders, with dynamic jurisdiction.

(2) The Central Government may, for the purpose of giving effect to the scheme made under section 264A(1), by notification in the Official Gazette, direct that any of the provisions of the Income-tax Act, 1961 would not apply or would apply with such exceptions, modifications and adaptations as may be specified in the notification.

However, no such direction shall be issued after 31.3.2022.

(3) Every notification issued under (1) and (2) above has to be laid before each House of Parliament, as soon as may be after the notification is issued.

FACELESS EFFECT OF ORDERS [SECTION 264B]

(1) The Central Government may make a scheme, by notification in the Official Gazette, for the purposes of giving effect to an order under section 250, 254, 260, 262, 263 or 264, so as to impart greater efficiency, transparency and accountability by—

(a) eliminating the interface between the income-tax authority and the assessee or any other person to the extent technologically feasible;

(b) optimising utilisation of the resources through economies of scale and functional specialisation;

(c) introducing a team-based giving of effect to orders, with dynamic jurisdiction
(2) The Central Government, may, for the purpose of giving effect to the scheme made under section 264B(1), by notification in the Official Gazette, direct that any of the provisions of the Income-tax Act, 1961 would not apply or would apply with such exceptions, modifications and adaptations as may be specified in the notification. However, no such direction shall be issued after 31.3.2022.

(3) Every notification issued under (1) and (2) above has to be laid before each House of Parliament, as soon as may be after the notification is issued.

**PROVISION FOR CONSTITUTION OF ALTERNATE DISPUTE RESOLUTION MECHANISM [SECTION 144C]**

(1) With effect from 1st November 2020, sub-sections (14B)/(14C) and (14D) have been inserted in section 144C by the Taxation and other laws (Relaxation and Amendment of Certain Provisions) Act, 2020 to provide for faceless mechanism for DRP. Accordingly, it is provided that the Central Government may make a scheme, by notification in the Official Gazette, for the purposes of issuance of directions by the dispute resolution panel, so as to impart greater efficiency, transparency and accountability by—

(a) eliminating the interface between the dispute resolution panel and the eligible assessee or any other person to the extent technologically feasible;

(b) optimising utilisation of the resources through economies of scale and functional specialisation;

(c) introducing a mechanism with dynamic jurisdiction for issuance of directions by dispute resolution panel.

(2) For the purpose of giving effect to this faceless scheme for DRP, the Central Government may, by notification in the Official Gazette, direct that any of the provisions of the Income-tax Act, 1961 would not apply or would apply with such exceptions, modifications and adaptations as may be specified in the notification. However, no such direction shall be issued after 31st March, 2022.

(3) Every such notification issued has to be be laid before each House of Parliament, as soon as may be after the notification is issued.

**FACELESS REFERENCE TO TPO [SEC 92CA]**

(1) The Central Government may make a scheme, by notification in the Official Gazette, for the purposes of determination of the arm's length price under sub-section (3), so as to impart greater efficiency, transparency and accountability by—

(a) eliminating the interface between the Transfer Pricing Officer and the assessee or any other person to the extent technologically feasible;

(b) optimising utilisation of the resources through economies of scale and functional specialisation;

(c) introducing a team-based determination of arm's length price with dynamic jurisdiction.

(2) The Central Government may, for the purpose of giving effect to the scheme made under this section, by notification in the Official Gazette, direct that any of the provisions of this Act shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in the notification:

(3) **Provided** that no direction shall be issued after the 31st day of March, 2022.
(4) Every notification issued under this section shall, as soon as may be after the notification is issued, be laid before each House of Parliament.

**SEC 274 FACELESS PENALTY:**

(1) New section 274(2A) empowers the Central Government to formulate a scheme, by notification in the Official Gazette

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<th>To impart greater efficiency, transparency and accountability by</th>
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<td>eliminating the interface between the Income-tax authority and the assessee or any other person in the course of proceedings to the extent technologically feasible</td>
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(2) In order to give effect to the scheme so formulated, section 274(2B) empowers the Central Government to direct, by notification in the Official Gazette, that any of the provisions of the Income-tax Act, 1961 relating to jurisdiction and procedure for imposing penalty would not apply or would apply with such exceptions, modifications and adaptations as may be mentioned in the notification. However, no such direction can be issued after 31.3.2022.

(3) Every notification issued under section 274(2A)/(2B) has to be laid before each House of Parliament as soon as may be after the notification is issued.

(4) An income-tax authority making an order imposing penalty under Chapter XXI has to send a copy of such order to the Assessing Officer, unless he himself is the Assessing Officer.

**SEC 279 FACELESS PROSECUTION:**

(1) The Central Government may make a scheme, by notification in the Official Gazette, for the purposes of granting sanction under sub-section (1) or compounding under sub-section (2), so as to impart greater efficiency, transparency and accountability by—

   (a) eliminating the interface between the income-tax authority and the assessee or any other person to the extent technologically feasible;

   (b) optimising utilisation of the resources through economies of scale and functional specialisation;

   (c) introducing a team-based sanction to proceed against, or for compounding of, an offence, with dynamic jurisdiction.

(2) The Central Government may, for the purpose of giving effect to the scheme made under this section, by notification in the Official Gazette, direct that any of the provisions of this Act shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in the notification:

Provided that no direction shall be issued after the 31st day of March, 2022.

(3) Every notification issued under this section shall, as soon as may be after the notification is issued, be laid before each House of Parliament.
135A. (1) The Central Government may make a scheme, by notification in the Official Gazette, for the purposes of calling for information under section 133, collecting certain information under section 133B, or calling for information by prescribed income-tax authority under section 133C, or exercise of power to inspect register of companies under section 134, or exercise of power of Assessing Officer under section 135 so as to impart greater efficiency, transparency and accountability by—

(a) eliminating the interface between the income-tax authority and the assessee or any other person to the extent technologically feasible;

(b) optimising utilisation of the resources through economies of scale and functional specialisation;

(c) introducing a team-based exercise of powers, including to call for, or collect, or process, or utilise, the information, with dynamic jurisdiction.

(2) The Central Government may, for the purpose of giving effect to the scheme made under sub-section (1), by notification in the Official Gazette, direct that any of the provisions of this Act shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in the notification:

Provided that no direction shall be issued after the 31st day of March, 2022.

(3) Every notification issued under sub-section (1) and sub-section (2) shall, as soon as may be after the notification is issued, be laid before each House of Parliament.

FACELESS RECTIFICATION, AMENDMENTS AND ISSUANCE OF NOTICE OR INTIMATION [SECTION 157A]

(1) Faceless rectification, amendments and issuance scheme for income escaping assessment: The Central Government may make a scheme, by notification in the Official Gazette, for the purposes of rectification of any mistake apparent from record under section 154 or other amendments under section 155 or issue of notice of demand under section 156, or intimation of loss under section 157, so as to impart greater efficiency, transparency and accountability by—

(a) eliminating the interface between the income-tax authority and the assessee or any other person to the extent technologically feasible;

(b) optimising utilisation of the resources through economies of scale and functional specialisation;

(c) introducing a team-based rectification of mistakes, amendment of orders, issuance of notice of demand or intimation of loss, with dynamic jurisdiction.

(2) Applicability or non-applicability of any of the provisions of the Act as may be notified by the Central Government to give effect to the Scheme: The Central Government may, direct that any of the provisions of this Act would not apply or would apply with such exceptions, modifications and adaptations as may be specified in the notification. However, no direction shall be issued after 31.03.2022.

(3) Notification to be laid before each House of Parliament: Every notification issued has to be laid before each House of Parliament, as soon as may be after the notification is issued.
**SEC 293D FACELESS APPROVAL OR REGISTRATION:**

(1) The Central Government may make a scheme, by notification in the Official Gazette, for the purposes of granting approval or registration, as the case may be, by income-tax authority under any provision of the Act, so as to impart greater efficiency, transparency and accountability by—

(a) eliminating the interface between the income-tax authorities and the assessee or any other person to the extent technologically feasible;

(b) optimising utilisation of the resources through economies of scale and functional specialisation;

(c) introducing a team-based grant of approval or registration, with dynamic jurisdiction.

(2) The Central Government may, for the purpose of giving effect to the scheme made under sub-section (1), by notification in the Official Gazette, direct that any of the provisions of this Act shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in the notification:

Provided that no direction shall be issued after the 31st day of March, 2022.

(3) Every notification issued under sub-section (1) and sub-section (2) shall, as soon as may be after the notification is issued, be laid before each House of Parliament.

**FACELESS JURISDICTION OF INCOME-TAX AUTHORITIES.**

130. (1) The Central Government may make a scheme, by notification in the Official Gazette, for the purposes of—

(a) exercise of all or any of the powers and performance of all or any of the functions conferred on, or, as the case may be, assigned to income-tax authorities by or under this Act as referred to in section 120; or

(b) vesting the jurisdiction with the Assessing Officer as referred to in section 124; or

(c) exercise of power to transfer cases under section 127; or

(d) exercise of jurisdiction in case of change of incumbency as referred to in section 129, so as to impart greater efficiency, transparency and accountability by—

(i) eliminating the interface between the income-tax authority and the assessee or any other person, to the extent technologically feasible;

(ii) optimising utilisation of the resources through economies of scale and functional specialisation;

(iii) introducing a team-based exercise of powers and performance of functions by two or more income-tax authorities, concurrently, in respect of any area or persons or classes of persons or incomes or classes of income or cases or classes of cases, with dynamic jurisdiction.

(2) The Central Government may, for the purpose of giving effect to the scheme made under sub-section (1), by notification in the Official Gazette, direct that any of the provisions of this Act shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in the notification:

Provided that no direction shall be issued after the 31st day of March, 2022.
231. (1) The Central Government may make a scheme, by notification in the Official Gazette, for the purposes of issuance of certificate for deduction of income-tax at any lower rates or no deduction of income-tax under section 197, or deeming a person to be an assessee in default under sub-section (1) of section 201 or sub-section (6A) of section 206C, issuance of certificate for lower collection of tax under sub-section (9) of section 206C or passing of order or amended order under sub-section (3) or sub-section (4) of section 210, or reduction or waiver of the amount of interest paid or payable by an assessee under sub-section (2A), or extending the time for payment or allowing payment by instalment under sub-section (3), or treating the assessee as not being in default under sub-section (6) or sub-section (7) of section 220, or levy of penalty under section 221, or drawing of certificate by the Tax Recovery Officer under section 222, or jurisdiction of Tax Recovery Officer under section 223, or stay of proceedings in pursuance of certificate and amendment or cancellation thereof by the Tax Recovery Officer under section 225, or other modes of recovery under section 226 or issuance of tax clearance certificate under section 230 so as to impart greater efficiency, transparency and accountability by—

(a) eliminating the interface between the income-tax authority and the assessee or any other person to the extent technologically feasible;

(b) optimising utilisation of the resources through economies of scale and functional specialisation;

(c) introducing a team-based issuance of certificate for deduction or collection of income-tax at lower rate, or for no deduction, or for deeming a person to be an assessee in default, or for passing of an order or amended order, or extending the time for payment, or allowing payment by instalment, or reduction or waiver of interest, or for treating the assessee as not being in default, or for levy of penalty or for drawing of certificate or stay of proceedings in pursuance of certificate and amendment or cancellation thereof, by, or jurisdiction of, Tax Recovery Officer or other modes of recovery or issuance of tax clearance certificate, with dynamic jurisdiction.

(2) The Central Government may, for the purpose of giving effect to the scheme made under sub-section (1), by notification in the Official Gazette, direct that any of the provisions of this Act shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in the notification:

Provided that no direction shall be issued after the 31st day of March, 2022.
ANNEXURE

ANNEXURE – 1: Faceless Appeal Scheme, 2020

ANNEXURE – 2: Certain directions with respect to Faceless Appeal Scheme, 2020
ANNEXURE – 1

FACELESS APPEAL SCHEME, 2020
NOTIFICATION NO. 76/2020, DATED 25.09.2020

S.O. 3296(E) - In exercise of the powers conferred by sub-section (6B) of section 250 of the Income- tax Act, 1961 (43 of 1961), the Central Government hereby makes the following Scheme, namely:

1. **Short title and commencement** –
   (1) This Scheme may be called the Faceless Appeal Scheme, 2020.
   (2) It shall come into force on the date of its publication in the Official Gazette.

2. **Definitions** –
   (1) In this Scheme, unless the context otherwise requires, —
      (i) “Act” means the Income-tax Act, 1961 (43 of 1961);
      (ii) “addressee” shall have the same meaning as assigned to it in clause (b) of sub-section (1) of section 2 of the Information Technology Act, 2000 (21 of 2000);
      (iii) “appeal” means appeal filed by a person under sub-section (1) of section 246A or section 248 of the Act;
      (iv) “appellant” means the person who files appeal under section 246A or section 248 of the Act.
      (v) “authorised representative” shall have the same meaning as assigned to it in sub-section (2) of section 288 of the Act;
      (vi) “automated allocation system” means an algorithm for randomised allocation of cases, by using suitable technological tools, including artificial intelligence and machine learning, with a view to optimise the use of resources;
      (vii) “automated examination tool” means an algorithm for standardised examination of draft orders, by using suitable technological tools, including artificial intelligence and machine learning, with a view to reduce the scope of discretion;
      (viii) “computer resource” shall have the same meaning as assigned to them in clause (k) of sub-section (1) of section 2 of the Information Technology Act, 2000 (21 of 2000);
      (ix) “computer system” shall have the same meaning as assigned to them in clause (l) of sub-section (1) of section 2 of the Information Technology Act, 2000 (21 of 2000);
      (x) “computer resource of appellant” shall include the registered account in the designated portal of the Income-tax Department, or the Mobile App linked to the registered mobile number, or the registered email address, of the appellant;
      (xi) “digital signature” shall have the same meaning as assigned to it in clause (p) of sub-section (1) of section 2 of the Information Technology Act, 2000 (21 of 2000);
      (xii) “designated portal” means the web portal designated as such by the Principal Chief Commissioner or Principal Director General, in charge of the National Faceless Appeal Centre;
(xiii) “e-appeal” means the appellate proceedings conducted electronically in ‘e-appeal’ facility through the registered account of the appellant in designated portal;

(xiv) “electronic record” shall have the same meaning as assigned to it in clause (t) of sub-section (1) of section 2 of the Information Technology Act, 2000 (21 of 2000);

(xv) “email” or “electronic mail” and “electronic mail message” means a message or information created or transmitted or received on a computer, computer system, computer resource or communication device including attachments in text, image, audio, video and any other electronic record, which may be transmitted with the message;

(xvi) “hash function” and “hash result” shall have the same meaning as assigned to them in the Explanation to sub-section (2) of section 3 of the Information Technology Act, 2000 (21 of 2000);

(xvii) “Mobile app” shall mean the application software of the Income-tax Department developed for mobile devices which is downloaded and installed on the registered mobile number of the appellant;

(xviii) “National e-Assessment Centre” shall mean the National e-Assessment Centre set up under scheme notified under sub-section 3A of section 143 of the Act;

(xix) “originator” shall have the same meaning as assigned to it in clause (za) of sub-section (1) of section 2 of the Information Technology Act, 2000 (21 of 2000);

(xx) “real time alert” means any communication sent to the appellant, by way of Short Messaging Service on his registered mobile number, or by way of update on his Mobile App, or by way of an email at his registered email address, so as to alert him regarding delivery of an electronic communication;

(xxii) “registered account” of the appellant means the electronic filing account registered by the appellant in the designated portal;

(xxii) “registered e-mail address” means the e-mail address at which an electronic communication may be delivered or transmitted to the addressee, including -

(a) the email address available in the electronic filing account of the addressee registered in designated portal; or

(b) the e-mail address available in the last income-tax return furnished by the addressee; or

(c) the e-mail address available in the Permanent Account Number database relating to the addressee; or

(d) in the case of addressee being an individual who possesses the Aadhaar number, the e-mail address of addressee available in the database of Unique Identification Authority of India; or

(e) in the case of addressee being a company, the e-mail address of the company as available on the official website of Ministry of Corporate Affairs; or

(f) any e-mail address made available by the addressee to the income-tax authority or any person authorised by such authority;
(xxiii) “registered mobile number” means the mobile number of the appellant, or his authorised representative, appearing in the user profile of the electronic filing account registered by the appellant in the designated portal;

(xxiv) “Rules” means the Income-tax Rules, 1962;

(xxv) “video conferencing or video telephony” means the technological solutions for the reception and transmission of audio-video signals by users at different locations, for communication between people in real-time.

(2) Words and expressions used herein and not defined but defined in the Act shall have the same meaning respectively assigned to them in the Act.

3. **Scope of the Scheme** - The appeal under this Scheme shall be disposed of in respect of such territorial area or persons or class of persons or incomes or class of incomes or cases or class of cases, as may be specified by the Board.

4. **Faceless Appeal Centres** –

(1) For the purposes of this Scheme, the Board may set up -

(i) a National Faceless Appeal Centre to facilitate the conduct of e-appeal proceedings in a centralised manner, which shall be vested with the jurisdiction to dispose appeal in accordance with the provisions of this Scheme;

(ii) Regional Faceless Appeal Centres as it may deem necessary to facilitate the conduct of e-appeal proceedings, which shall be vested with the jurisdiction to dispose appeal in accordance with the provisions of this Scheme;

(iii) Appeal units, as it may deem necessary to facilitate the conduct of e-appeal proceedings, to perform the function of disposing appeal, which includes admitting additional grounds of appeal, making such further inquiry as thinks fit, directing the National e-Assessment Centre or the Assessing Officer, as the case may be, for making further inquiry, seeking information or clarification on admitted grounds of appeal, providing opportunity of being heard to the appellant, analysis of the material furnished by the appellant, review of draft order, and such other functions as may be required for the purposes of this Scheme;

and specify their respective jurisdiction.

(2) All communication between the appeal unit and the appellant or any other person or the National e-Assessment Centre or the Assessing Officer with respect to the information or documents or evidence or any other details, as may be necessary under this Scheme shall be through the National Faceless Appeal Centre.

(3) The appeal unit referred to in clause (iii) of sub-paragraph (1) shall have the following authorities, namely: –

(a) one or more Commissioner(Appeals);

(b) such other income-tax authority, ministerial staff, executive or consultant to assist the Commissioner (Appeals) as considered necessary by the Board.
5. **Procedure in appeal** –

   (1) The appeal referred to in paragraph 3 shall be disposed of under this Scheme as per the following procedure, namely:

   (i) the National Faceless Appeal Centre shall assign the appeal to a specific appeal unit in any one Regional Faceless Appeal Centre through an automated allocation system;

   (ii) where the appellant has filed the appeal after the expiration of time specified in sub-section (2) of section 249 of the Act, the appeal unit may,—

   (a) in case, it is satisfied that the appellant had sufficient cause for not filing the appeal within the said time, admit the appeal; or

   (b) in any other case, reject the appeal, under intimation to the National Faceless Appeal Centre;

   (iii) where the appellant has applied for exemption from the operation of clause (b) of sub-section (4) of section 249 of the Act, the appeal unit may,—

   (a) admit the appeal and exempt the appellant from the operation of provisions of said clause for any good and sufficient reason to be recorded in writing; or

   (b) in any other case, reject the appeal, under intimation to the National Faceless Appeal Centre;

   (iv) the National Faceless Appeal Centre shall intimate the admission or rejection of appeal, as the case may be, to the appellant;

   (v) where the appeal is admitted,—

   (a) the appeal unit may request the National Faceless Appeal Centre to obtain such further information, document or evidence from the appellant or any other person, as it may specify;

   (b) the appeal unit may request the National Faceless Appeal Centre to obtain a report of the National e-Assessment Centre or the Assessing Officer, as the case may be, on grounds of appeal or information, document or evidence filed by the appellant;

   (c) the appeal unit may request the National Faceless Appeal Centre to direct the National e-Assessment Centre or the Assessing Officer, as the case may be, for making further inquiry under sub-section (4) of section 250 of the Act and submit a report thereof;

   (d) the National Faceless Appeal Centre shall serve a notice upon the appellant or any other person, as the case may be, or the National e-Assessment Centre or the Assessing Officer, as the case may be, to submit such information, document or evidence or report, as the case may be, as may be specified by the appeal unit or as may be relevant to the appellate proceedings, on a specified date and time;

   (vi) the appellant or any other person, as the case may be, shall file a response to the notice referred to in subclause (d) of clause (v), within the date and time specified therein, or such extended date and time as may be allowed on the basis of an application made in this behalf, with the National Faceless Appeal Centre;
(vii) the National e-Assessment Centre or the Assessing Officer, as the case may be, shall furnish a report in response to the notice referred to in sub-clause (d) of clause (v), within the date and time specified therein or such extended date and time as may be allowed on the basis of an application made in this behalf, to the National Faceless Appeal Centre;

(viii) where response is filed by the appellant or any other person, as the case may be, or a report is furnished by the National e-Assessment Centre or the Assessing Officer, as the case may be, the National Faceless Appeal Centre shall send such response or report to the appeal unit, and where no such response or report is filed, inform the appeal unit;

(ix) the appellant may file additional ground of appeal in such form, as may be specified by the National Faceless Appeal Centre, specifying therein the reason for omission of such ground in the appeal filed by him;

(x) where the additional ground of appeal is filed -

(a) the National Faceless Appeal Centre shall send the additional ground of appeal to the National e-Assessment Centre or the Assessing Officer, as the case may be, for providing comments, if any, and to the appeal unit;

(b) the National e-Assessment Centre or the Assessing Officer, as the case may be, shall furnish their comments, within the date and time specified or such extended date and time as may be allowed on the basis of an application made in this behalf, to the National Faceless Appeal Centre;

(c) where comments are filed by the National e-Assessment Centre or the Assessing Officer, as the case may be, the National Faceless Appeal Centre shall send such comments to the appeal unit, and where no such comments are filed, inform the appeal unit;

(d) the appeal unit shall, after taking into consideration the comments, if any, received from the National e-Assessment Centre or the Assessing Officer, as the case may be,—

(A) if it is satisfied that the omission of additional ground from the form of appeal was not wilful or unreasonable, admit such ground; or

(B) in any other case, not admit the additional ground, for reasons to be recorded in writing and intimate the National Faceless Appeal Centre;

(xi) the National Faceless Appeal Centre shall intimate the admission or rejection of the additional ground, as the case may be, to the appellant;

(xii) the appellant may file additional evidence, other than the evidence produced by him during the course of proceedings before the National e-Assessment Centre or the Assessing Officer, as the case may be, in such form, as may be specified by the National Faceless Appeal Centre, specifying therein as to how his case is covered by the exceptional circumstances specified in sub-rule (1) of rule 46A of the Rules;

(xiii) where the additional evidence is filed,—

(a) the National Faceless Appeal Centre shall send the additional evidence to the National e-Assessment Centre or the Assessing Officer, as the case may be, for furnishing a report within the
specified date and time on the admissibility of additional evidence under rule 46A of the Rules;

(b) the National e-Assessment Centre or the Assessing Officer, as the case may be, shall furnish the report, as referred to in sub-clause (a), to the National Faceless Appeal Centre within the date and time specified, or such extended date and time as may be allowed on the basis of an application made in this behalf, by the National Faceless Appeal Centre.

(c) where the report, as referred to in sub-clause (a), is furnished by the National e-Assessment Centre or the Assessing Officer, as the case may be, the National Faceless Appeal Centre shall send such report to the appeal unit, and where no such report is furnished, inform the appeal unit;

(d) the appeal unit may, after considering the additional evidence and the report, if any, furnished by the National e-Assessment Centre or the Assessing Officer, as the case may be, admit or reject the additional evidence, for reasons to be recorded in writing, and intimate the National Faceless Appeal Centre;

(e) the National Faceless Appeal Centre shall intimate the admission or rejection of additional evidence, as the case may be, to the appellant and the National e-Assessment Centre or the Assessing Officer, as the case may be;

(xiv) where the additional evidence is admitted,—

(a) the appeal unit shall, before taking such evidence into account in the appellate proceedings, prepare a notice to provide an opportunity to the National e-Assessment Centre or the Assessing Officer, as the case may be, within the date and time specified there into examine such evidence or to cross-examine such witness, as may be produced by the appellant, or to produce any evidence or document, or any witness in rebuttal of the evidence or witness produced by the appellant, and furnish a report thereof, and send such notice to the National Faceless Appeal Centre;

(b) the National Faceless Appeal Centre shall serve the notice, as referred to in sub-clause (a), upon the National e-Assessment Centre or the Assessing Officer, as the case may be;

(c) the National e-Assessment Centre or the Assessing Officer, as the case may be, shall furnish the report, as referred to in sub-clause (a), to the National Faceless Appeal Centre, within the date and time specified, or such extended date and time as may be allowed on the basis of an application made in this behalf, by the National Faceless Appeal Centre;

(d) the National Faceless Appeal Centre shall send the report furnished by the National e-Assessment Centre or the Assessing Officer, as the case may be, to the appeal unit or where no such report is furnished, inform the appeal unit;

(xv) the National e-Assessment Centre or the Assessing Officer, as the case may be, may request the National Faceless Appeal Centre to direct the production of any document or evidence by the appellant, or the
examination of any witness, as may be relevant to the appellate proceedings;

(xvi) where the request referred to in clause (xv) is received, -
   
   (a) the National Faceless Appeal Centre shall send such request to the appeal unit;
   
   (b) the appeal unit shall consider such request and may, if it deems fit, prepare a notice –
       
       (A) directing the appellant to produce such document or evidence, as it may specify; or
       (B) for examination of any other person, being a witness; and send such notice to the National Faceless Appeal Centre;
   
   (c) the National Faceless Appeal Centre shall serve the notice referred to in sub-clause (b) upon the appellant or any other person, being a witness, as the case may be;
   
   (d) the appellant or any other person, as the case may be, shall file his response to the notice referred to in sub-clause (c), within the date and time specified in the notice or such extended date and time as may be allowed on the basis of application made in this behalf, to the National Faceless Appeal Centre;
   
   (e) where a response is filed by the appellant or any other person, as the case may be, the National Faceless Appeal Centre shall send such response to the appeal unit, or where no such response is filed, inform the appeal unit;

(xvii) where the appeal unit intends to enhance an assessment or a penalty or reduce the amount of refund, -

   (a) the appeal unit shall prepare a show-cause notice containing the reasons for such enhancement or reduction, as the case may be, and send such notice to the National Faceless Appeal Centre.
   
   (b) the National Faceless Appeal Centre shall serve the notice, as referred to in sub-clause (a), upon the appellant.
   
   (c) the appellant shall, within the date and time specified in the notice or such extended date and time as may be allowed on the basis of application made in this behalf, file his response to the National Faceless Appeal Centre;
   
   (d) where a response is filed by the appellant, the National Faceless Appeal Centre shall send such response to the appeal unit, or where no such response is filed, inform the appeal unit.

(xviii) The appeal unit shall, after taking into account all the relevant material available on the record, including the response filed, if any, by the appellant or any other person, as the case may be, or report furnished by the National e-Assessment Centre or the Assessing Officer, as the case may be, and after considering any matter arising out of the proceedings in which the order appealed against was passed, notwithstanding that such matter was not raised in the appeal, —

   (a) prepare in writing, a draft order in accordance with the provisions of section 251 of the Act; and
(b) send such order to the National Faceless Appeal Centre along with the details of the penalty proceedings, if any, to be initiated therein;

(xix) the National Faceless Appeal Centre shall upon receipt of the draft order, as referred to in sub-clause (a) of clause (xviii), —

(a) where the aggregate amount of tax, penalty, interest or fee, including surcharge and cess, payable in respect of issues disputed in appeal, is more than a specified amount, as referred to in clause (x) of paragraph 13, send the draft order to an appeal unit, other than the appeal unit which prepared such order, in any one Regional Faceless Appeal Centre through an automated allocation system, for conducting review of such order;

(b) in any other case, examine the draft order in accordance with the risk management strategy specified by the Board, including by way of an automated examination tool, whereupon it may decide to —

(A) finalise the appeal as per the draft order; or

(B) send the draft order to an appeal unit, other than the unit which prepared such order, in any one Regional Faceless Appeal Centre through an automated allocation system, for conducting review of such order;

(xx) the appeal unit shall review the draft order, referred to it by the National Faceless Appeal Centre, whereupon it may decide to —

(a) concur with the draft order and intimate the National Faceless Appeal Centre about such concurrence; or

(b) suggest such variation, as it may deem fit, to the draft order and send its suggestions to the National Faceless Appeal Centre;

(xxii) the National Faceless Appeal Centre shall, upon receiving concurrence of the appeal unit, finalise the appeal as per the draft order;

(xxii) the National Faceless Appeal Centre shall, upon receiving suggestion for variation from the appeal unit, assign the appeal to an appeal unit, other than the appeal unit which prepared or reviewed the draft order, in any one Regional Faceless Appeal Centre through an automated allocation system;

(xxiv) the National Faceless Appeal Centre shall after finalising the appeal as per item (A) of sub-clause (b) of clause (xix) or clause (xxi) or upon receipt of revised draft order as per clause (xxiii), pass the appeal order and—

(a) communicate such order to the appellant;
(b) communicate such order to the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner as per sub- section (7) of section 250 of the Act;
(c) communicate such order to the National e-Assessment Centre or the Assessing Officer, as the case may be, for such action as may be required under the Act;
(d) where initiation of penalty has been recommended in the order, serve a notice on the appellant calling upon him to show cause as to why penalty should not be imposed upon him under the relevant provisions of the Act;

(2) Notwithstanding anything contained in sub-paragraph (1), the Principal Chief Commissioner or the Principal Director General, in charge of National Faceless Appeal Centre, may at any stage of the appellate proceedings, if considered necessary, transfer, by an order, the appeal with the prior approval of the Board to such Commissioner (Appeals) as may be specified in the order.

6. Penalty proceedings –

(1) Appeal unit may, in the course of appeal proceedings, for non-compliance of any notice, direction or order issued under this Scheme on the part of the appellant or any other person, as the case may be, send recommendation for initiation of any penalty proceedings to the National Faceless Appeal Centre.

(2) The National Faceless Appeal Centre shall, upon receipt of recommendation under sub-paragraph (1), serve a notice on the appellant or any other person, as the case may be, calling upon him to show cause as to why penalty should not be imposed upon him under the relevant provisions of the Act.

(3) The appellant or any other person, as the case may be, shall file a response to the show-cause notice referred to in sub-paragraph (2) or in sub-clause (d) of clause (xxiv) of sub-paragraph (1) of paragraph 5, within the date and time specified in such notice, or such extended date and time as may be allowed on the basis of an application made in this behalf, to the National Faceless Appeal Centre.

(4) The National Faceless Appeal Centre shall assign the recommendation for initiation of penalty proceedings, as referred to in sub-paragraph (1), along with the response filed, if any, by the appellant or any other person, as the case may be, to a specific appeal unit in any one Regional Faceless Appeal Centre through an automated allocation system.

(5) The appeal unit shall, after taking into account all the relevant material available on the record, including the response filed, if any, by the appellant or any other person, as the case may be,—

(a) prepare a draft order and send a copy of such order to the National Faceless Appeal Centre; or
(b) drop the penalty after recording reasons, under intimation to the National Faceless Appeal Centre.

(6) where the appeal unit has dropped the penalty, the National Faceless Appeal Centre shall send an intimation thereof, or where the appeal unit sends a draft order, the National Faceless Appeal Centre shall pass the order for imposition of penalty as per such draft, and communicate such order, to,—

(a) the appellant or any other person, as the case may be; and
7. **Rectification Proceedings** –

(1) With a view to rectifying any mistake apparent from the record the National Faceless Appeal Centre may amend any order passed by it, by an order to be passed in writing.

(2) Subject to the other provisions of this Scheme, an application for rectification of mistake referred to in sub-paragraph (1) may be filed with the National Faceless Appeal Centre by the, -

(a) appellant or any other person, as the case may be; or

(b) appeal unit preparing or reviewing or revising the draft order; or

(c) the National e-Assessment Centre or the Assessing Officer, as the case may be.

(3) Where any application referred to in sub-paragraph (2) is received by the National Faceless Appeal Centre, it shall assign such application to a specific appeal unit in any one Regional Faceless Appeal Centre through an automated allocation system.

(4) The appeal unit shall examine the application and prepare a notice for granting an opportunity—

(a) to the appellant or any other person, as the case may be, where the application has been filed by the National e-Assessment Centre or the Assessing Officer, as the case may be; or

(b) to the National e-Assessment Centre or the Assessing Officer, as the case may be, where the application has been filed by the appellant or any other person, as the case may be; or

(c) to the appellant or any other person, as the case may be, and the National e-Assessment Centre or the Assessing Officer, as the case may be, where the application has been filed by an appeal unit referred to in clause (b) of sub-paragraph (2); and

send the notice to the National Faceless Appeal Centre.

(5) The National Faceless Appeal Centre shall serve the notice referred to in sub-paragraph (4) upon the appellant or any other person, as the case may be, or the National e-Assessment Centre or the Assessing Officer, as the case may be, calling upon him to show cause as to why rectification of mistake should not be carried out under the relevant provisions of the Act.

(6) The appellant or any other person, as the case may be, or the National e-Assessment Centre or the Assessing Officer, as the case may be, shall file a response to the notice, as referred to in sub-paragraph (5), within the date and time specified therein, or such extended date and time as may be allowed on the basis of an application made in this behalf, to the National Faceless Appeal Centre.

(7) Where a response, as referred to in sub-paragraph (6), is filed by the appellant or any other person, as the case may be, or the National e-Assessment Centre or the Assessing Officer, as the case may be, the National Faceless Appeal Centre shall send such response to the appeal unit, or where no such response is filed, inform the appeal unit.
(8) The appeal unit shall, after taking into consideration the application and response, if any, filed by the appellant or any other person, as the case may be, or the National e- Assessment Centre or the Assessing Officer, as the case may be, prepare a draft order, —
   (a) for rectification of mistake; or
   (b) for rejection of application for rectification, citing reasons thereof; and
   send the order to the National Faceless Appeal Centre.

(9) The National Faceless Appeal Centre shall upon receipt of draft order, as referred to in sub-paragraph (8), pass an order as per such draft and communicate such order, —
   (a) to the appellant or any other person, as the case may be; and
   (b) to the National e-Assessment Centre or the Assessing Officer, as the case may be, for such action as may be required under the Act.

8. **Appellate Proceedings** –
   (1) An appeal against an order passed by the National Faceless Appeal Centre under this Scheme shall lie before the Income Tax Appellate Tribunal having jurisdiction over the jurisdictional Assessing Officer.

   (2) Subject to the provisions of paragraph (3) of the scheme, where any order passed by the National Faceless Appeal Centre or Commissioner (Appeals) is set-aside and remanded back to the National Faceless Appeal Centre or Commissioner (Appeals) by the Income Tax Appellate Tribunal or High Court or Supreme Court, the National Faceless Appeal Centre shall pass the order in accordance with the provisions of this Scheme.

9. **Exchange of communication exclusively by electronic mode** - For the purposes of this Scheme, -
   (a) all communications between the National Faceless Appeal Centre and the appellant, or his authorised representative, shall be exchanged exclusively by electronic mode; and
   (b) all internal communications between the National Faceless Appeal Centre, the Regional Faceless Appeal Centres, the National e-Assessment Centre, the Assessing Officer and the appeal unit shall be exchanged exclusively by electronic mode.

10. **Authentication of electronic record** - For the purposes of this Scheme, an electronic record shall be authenticated by the –
  (i) National Faceless Appeal Centre by affixing its digital signature;
  (ii) the appellant or any other person, by affixing his digital signature if he is required under the Rules to furnish his return of income under digital signature, and in any other case by affixing his digital signature or under electronic verification code;

   Explanation – For the purpose of this paragraph, “electronic verification code” shall have the same meaning as referred to in rule 12 of the Rules.

11. **Delivery of electronic record** –
   (1) Every notice or order or any other electronic communication under this Scheme shall be delivered to the addressee, being the appellant, by way of –
(a) placing an authenticated copy thereof in the appellant’s registered account; or
(b) sending an authenticated copy thereof to the registered email address of the appellant or his authorised representative; or (c) uploading an authenticated copy on the appellant’s Mobile App; and followed by a real time alert.

(2) Every notice or order or any other electronic communication under this Scheme shall be delivered to the addressee, being any other person, by sending an authenticated copy thereof to the registered email address of such person, followed by a real time alert.

(3) The appellant shall file his response to any notice or order or any other electronic communication, under this Scheme, through his registered account, and once an acknowledgement is sent by the National Faceless Appeal Centre containing the hash result generated upon successful submission of response, the response shall be deemed to be authenticated.

(4) The time and place of dispatch and receipt of electronic record shall be determined in accordance with the provisions of section 13 of the Information Technology Act, 2000 (21 of 2000).

12. No personal appearance in the Centres or Units –

(1) A person shall not be required to appear either personally or through authorised representative in connection with any proceedings under this Scheme before the income-tax authority at the National Faceless Appeal Centre or Regional Faceless Appeal Centre or appeal unit set up under this Scheme.

(2) The appellant or his authorised representative, as the case may be, may request for personal hearing so as to make his oral submissions or present his case before the appeal unit under this Scheme.

(3) The Chief Commissioner or the Director General, in charge of the Regional Faceless Appeal Centre, under which the concerned appeal unit is set up, may approve the request for personal hearing referred to in sub-paragraph (2), if he is of the opinion that the request is covered by the circumstances referred to in clause (xi) of paragraph 13.

(4) Where the request for personal hearing has been approved by the Chief Commissioner or the Director General, in charge of the Regional Faceless Appeal Centre, such hearing shall be conducted exclusively through video conferencing or video telephony, including use of any telecommunication application software which supports video conferencing or video telephony, in accordance with the procedure laid down by the Board.

(5) Any examination or recording of the statement of the appellant or any other person shall be conducted by Commissioner (Appeals) in any appeal unit under this Scheme, exclusively through video conferencing or video telephony, including use of any telecommunication application software which supports video conferencing or video telephony in accordance with the procedure laid down by the Board.

(6) The Board shall establish suitable facilities for video conferencing or video telephony including telecommunication application software which supports video conferencing or video telephony at such locations as may be necessary, so as to ensure that the appellant, or his authorised representative, or any
other person is not denied the benefit of this Scheme merely on the ground that such appellant or his authorised representative, or any other person does not have access to video conferencing or video telephony at his end.

13. **Power to specify format, mode, procedure and processes** – The Principal Chief Commissioner or the Principal Director General, in charge of the National Faceless Appeal Centre shall, with the prior approval of Board, lay down the standards, procedures and processes for effective functioning of the National Faceless Appeal Centre, Regional Faceless Appeal Centres and the appeal unit set-up under this Scheme, in an automated and mechanised environment, including format, mode, procedure and processes in respect of the following, namely:

(i) service of the notice, order or any other communication;

(ii) receipt of any information or documents from the person in response to the notice, order or any other communication;

(iii) issue of acknowledgment of the response furnished by the person;

(iv) provision of “e-appeal” facility including login account facility, tracking status of appeal, display of relevant details, and facility of download;

(v) accessing, verification and authentication of information and response including documents submitted during the appellate proceedings;

(vi) receipt, storage and retrieval of information or documents in a centralised manner;

(vii) general administration and grievance redressal mechanism in the respective Centres and units;

(viii) filing of additional ground of appeal;

(ix) filing of additional evidence;

(x) specified amount referred to in sub-clause (a) of clause (xix) of sub-paragraph (1) of paragraph 5;

(xi) circumstances in which personal hearing referred to in sub-paragraph (3) of paragraph 12 shall be approved.
ANNEXURE – 2

CERTAIN DIRECTIONS WITH RESPECT TO FACELESS APPEAL SCHEME, 2020

NOTIFICATION NO. 77/2020, DATED 25.09.2020

S.O. 3297(E) -In exercise of the powers conferred by sub-section (6C) of section 250 of the Income- tax Act, 1961 (43 of 1961), for the purposes of giving effect to the Faceless Appeal Scheme, 2020 made under sub-section (6B) of section 250 of the Act, the Central Government hereby makes the following directions, namely:-

1. The provisions of clause (16A) of section 2, section 120, section 129, section 131, section 133, section 134, section 136 and Chapter XX of the Act shall apply to the procedure in appeal in accordance with the said Scheme subject to the following exceptions, modifications and adaptations, namely:—

“A. (1) The appeal, as referred to in paragraph 3 of the said Scheme, shall be disposed of under the said Scheme as per the following procedure, namely:

(i) the National Faceless Appeal Centre shall assign the appeal to a specific appeal unit in any one Regional Faceless Appeal Centre through an automated allocation system;

(ii) where the appellant has filed the appeal after the expiration of time specified in sub-section (2) of section 249 of the Act, the appeal unit may, —

(a) in case, it is satisfied that the appellant had sufficient cause for not filing the appeal within the said time, admit the appeal; or

(b) in any other case, reject the appeal, under intimation to the National Faceless Appeal Centre;

(iii) where the appellant has applied for exemption from the operation of clause (b) of sub-section (4) of section 249 of the Act, the appeal unit may, —

(a) admit the appeal and exempt the appellant from the operation of provisions of said clause for any good and sufficient reason to be recorded in writing; or

(b) in any other case, reject the appeal, under intimation to the National Faceless Appeal Centre;

(iv) the National Faceless Appeal Centre shall intimate the admission or rejection of appeal, as the case may be, to the appellant;

(v) where the appeal is admitted, —

(a) the appeal unit may request the National Faceless Appeal Centre to obtain such further information, document or evidence from the appellant or any other person, as it may specify;

(b) the appeal unit may request the National Faceless Appeal Centre to obtain a report of the National e-Assessment Centre or the Assessing Officer, as the case may be, on grounds of appeal or information, document or evidence filed by the appellant;
the appeal unit may request the National Faceless Appeal Centre to direct the National e-Assessment Centre or the Assessing Officer, as the case may be, for making further inquiry under sub-section (4) of section 250 of the Act and submit a report thereof;

(d) the National Faceless Appeal Centre shall serve a notice upon the appellant or any other person, as the case may be, or the National e-Assessment Centre or the Assessing Officer, as the case may be, to submit such information, document or evidence or report, as the case may be, as may be specified by the appeal unit or as may be relevant to the appellate proceedings, on a specified date and time;

(vi) the appellant or any other person, as the case may be, shall file a response to the notice referred to in subclause (d) of clause (v), within the date and time specified therein, or such extended date and time as may be allowed on the basis of an application made in this behalf, with the National Faceless Appeal Centre;

(vii) the National e-Assessment Centre or the Assessing Officer, as the case may be, shall furnish a report in response to the notice referred to in sub-clause (d) of clause (v), within the date and time specified therein or such extended date and time as may be allowed on the basis of an application made in this behalf, to the National Faceless Appeal Centre;

(viii) where response is filed by the appellant or any other person, as the case may be, or a report is furnished by the National e-Assessment Centre or the Assessing Officer, as the case may be, the National Faceless Appeal Centre shall send such response or report to the appeal unit, and where no such response or report is filed, inform the appeal unit;

(ix) the appellant may file additional ground of appeal in such form, as may be specified by the National Faceless Appeal Centre, specifying therein the reason for omission of such ground in the appeal filed by him;

(x) where the additional ground of appeal is filed,-

(a) the National Faceless Appeal Centre shall send the additional ground of appeal to the National e-Assessment Centre or the Assessing Officer, as the case may be, for providing comments, if any, and to the appeal unit;

(b) the National e-Assessment Centre or the Assessing Officer, as the case may be, shall furnish their comments, within the date and time specified or such extended date and time as may be allowed on the basis of an application made in this behalf, to the National Faceless Appeal Centre;

(c) where comments are filed by the National e-Assessment Centre or the Assessing Officer, as the case may be, the National Faceless Appeal Centre shall send such comments
to the appeal unit, and where no such comments are filed, inform the appeal unit;

(d) the appeal unit shall, after taking into consideration the comments, if any, received from the National e-Assessment Centre or the Assessing Officer, as the case may be, —

i. if it is satisfied that the omission of additional ground from the form of appeal was not wilful or unreasonable, admit such ground; or

ii. in any other case, not admit the additional ground, for reasons to be recorded in writing and intimate the National Faceless Appeal Centre;

(xi) the National Faceless Appeal Centre shall intimate the admission or rejection of the additional ground, as the case may be, to the appellant;

(xii) the appellant may file additional evidence, other than the evidence produced by him during the course of proceedings before the National e-Assessment Centre or the Assessing Officer, as the case may be, in such form, as may be specified by the National Faceless Appeal Centre, specifying therein as to how his case is covered by the exceptional circumstances specified in sub-rule (1) of rule 46A of the Rules.

(xiii) where the additional evidence is filed,—

(a) the National Faceless Appeal Centre shall send the additional evidence to the National e-Assessment Centre or the Assessing Officer, as the case may be, for furnishing a report within the specified date and time on the admissibility of additional evidence under rule 46A of the said Rules;

(b) the National e-Assessment Centre or the Assessing Officer, as the case may be, shall furnish the report, as referred to in sub-clause (a), to the National Faceless Appeal Centre within the date and time specified, or such extended date and time as may be allowed on the basis of an application made in this behalf, by the National Faceless Appeal Centre.

(c) where the report, as referred to in sub-clause (a), is furnished by the National e-Assessment Centre or the Assessing Officer, as the case may be, the National Faceless Appeal Centre shall send such report to the appeal unit, and where no such report is furnished, inform the appeal unit;

(d) the appeal unit may, after considering the additional evidence and the report, if any, furnished by the National e-Assessment Centre or the Assessing Officer, as the case may be, admit or reject the additional evidence, for reasons to be recorded in writing, and intimate the National Faceless Appeal Centre;
(e) the National Faceless Appeal Centre shall intimate the admission or rejection of additional evidence, as the case may be, to the appellant and the National e-Assessment Centre or the Assessing Officer, as the case may be;

(xiv) where the additional evidence is admitted,—

(a) the appeal unit shall, before taking such evidence into account in the appellate proceedings, prepare a notice to provide an opportunity to the National e-Assessment Centre or the Assessing Officer, as the case may be, within the date and time specified therein to examine such evidence or to cross-examine such witness, as may be produced by the appellant, or to produce any evidence or document, or any witness in rebuttal of the evidence or witness produced by the appellant, and to furnish a report thereof, and send such notice to the National Faceless Appeal Centre;

(b) the National Faceless Appeal Centre shall serve the notice, as referred to in sub-clause (a), upon the National e-Assessment Centre or the Assessing Officer, as the case may be;

(c) the National e-Assessment Centre or the Assessing Officer, as the case may be, shall furnish the report, as referred to in sub-clause (a), to the National Faceless Appeal Centre, within the date and time specified, or such extended date and time as may be allowed on the basis of an application made in this behalf, by the National Faceless Appeal Centre;

(d) the National Faceless Appeal Centre shall send the report furnished by the National e-Assessment Centre or the Assessing Officer, as the case may be, to the appeal unit or where no such report is furnished, inform the appeal unit;

(xv) the National e-Assessment Centre or the Assessing Officer, as the case may be, may request the National Faceless Appeal Centre to direct the production of any document or evidence by the appellant, or the examination of any witness, as may be relevant to the appellate proceedings;

(xvi) where the request referred to in clause (xv) is received, -

(a) the National Faceless Appeal Centre shall send such request to the appeal unit;

(b) the appeal unit shall consider such request and may, if it deems fit, prepare a notice,—

i. directing the appellant to produce such document or evidence, as it may specify; or

ii. for examination of any other person, being a witness; and send such notice to the National Faceless Appeal Centre;
(c) the National Faceless Appeal Centre shall serve the notice referred to in sub-clause (b) upon the appellant or any other person, being a witness, as the case may be;

(d) the appellant or any other person, as the case may be, shall file his response to the notice referred to in sub-clause (c), within the date and time specified in the notice or such extended date and time as may be allowed on the basis of application made in this behalf, to the National Faceless Appeal Centre;

(e) where a response is filed by the appellant or any other person, as the case may be, the National Faceless Appeal Centre shall send such response to the appeal unit, or where no such response is filed, inform the appeal unit;

(xvii) where the appeal unit intends to enhance an assessment or a penalty or reduce the amount of refund, -

(a) the appeal unit shall prepare a show-cause notice containing the reasons for such enhancement or reduction, as the case may be, and send such notice to the National Faceless Appeal Centre.

(b) the National Faceless Appeal Centre shall serve the notice, as referred to in sub-clause (a), upon the appellant.

(c) the appellant shall, within the date and time specified in the notice or such extended date and time as may be allowed on the basis of application made in this behalf, file his response to the National Faceless Appeal Centre.

(d) where a response is filed by the appellant, the National Faceless Appeal Centre shall send such response to the appeal unit, or where no such response is filed, inform the appeal unit;

(xviii) The appeal unit shall, after taking into account all the relevant material available on the record, including the response filed, if any, by the appellant or any other person, as the case may be, or report furnished by the National e-Assessment Centre or the Assessing Officer, as the case may be, and after considering any matter arising out of the proceedings in which the order appealed against was passed, notwithstanding that such matter was not raised in the appeal, —

(a) prepare in writing, a draft order in accordance with the provisions of section 251 of the Act; and

(b) send such order to the National Faceless Appeal Centre along with the details of the penalty proceedings, if any, to be initiated therein;

(xix) the National Faceless Appeal Centre shall upon receipt of the draft order, as referred to in sub-clause (a) of clause (xviii), —

(a) where the aggregate amount of tax, penalty, interest or fee, including surcharge and cess, payable in respect of issues disputed in appeal, is more than a specified amount, as
referred to in clause (x) of paragraph 13 of the said Scheme, send the draft order to an appeal unit, other than the appeal unit which prepared such order, in any one Regional Faceless Appeal Centre through an automated allocation system, for conducting review of such order.

(b) in any other case, examine the draft order in accordance with the risk management strategy specified by the Board, including by way of an automated examination tool, whereupon it may decide to—

i. finalise the appeal as per the draft order; or

ii. send the draft order to an appeal unit, other than the unit which prepared such order, in any one Regional Faceless Appeal Centre through an automated allocation system, for conducting review of such order;

(xx) the appeal unit shall review the draft order, referred to it by the National Faceless Appeal Centre, whereupon it may decide to,—

(a) concur with the draft order and intimate the National Faceless Appeal Centre about such concurrence; or

(b) suggest such variation, as it may deem fit, to the draft order and send its suggestions to the National Faceless Appeal Centre;

(xxii) the National Faceless Appeal Centre shall, upon receiving concurrence of the appeal unit, finalise the appeal as per the draft order;

(xxii) the National Faceless Appeal Centre shall, upon receiving suggestion for variation from the appeal unit, assign the appeal to an appeal unit, other than the appeal unit which prepared or reviewed the draft order, in any one Regional Faceless Appeal Centre through an automated allocation system;

(xxiii) the appeal unit, to whom appeal is assigned under clause (xxii), shall, after considering the suggestions for variation,—

(a) where such suggestions intend to enhance an assessment or a penalty or reduce the amount of refund, follow the procedure laid down in clause (xvii) and prepare a revised draft order as per the procedure laid down in clause (xviii); or

(b) in any other case, prepare a revised draft order as per procedure laid down in clause (xviii);

and send such order to the National Faceless Appeal Centre along with the details of the penalty proceedings, if any, to be initiated therein;

(xxiv) the National Faceless Appeal Centre shall after finalising the appeal as per item (i) of sub-clause (b) of clause (xix) or clause (xxi) or upon receipt of revised draft order as per clause (xxiii), pass the appeal order and,—

(a) communicate such order to the appellant;
(b) communicate such order to the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner as per sub-section (7) of section 250 of the Act;

(c) communicate such order to the National e-Assessment Centre or the Assessing Officer, as the case may be, for such action as may be required under the Act;

(d) where initiation of penalty has been recommended in the order, serve a notice on the appellant calling upon him to show cause as to why penalty should not be imposed upon him under the relevant provisions of the Act;

(2) Notwithstanding anything contained in sub-paragraph (1), the Principal Chief Commissioner or the Principal Director General, in charge of National Faceless Appeal Centre, may at any stage of the appellate proceedings, if considered necessary, transfer, by an order, the appeal with the prior approval of the Board to such Commissioner (Appeals) as may be specified in the order.

B. (1) A person shall not be required to appear either personally or through authorised representative in connection with any proceedings under the said Scheme before the income-tax authority at the National Faceless Appeal Centre or Regional Faceless Appeal Centre or appeal unit set up under the said Scheme.

(2) The appellant or his authorised representative, as the case may be, may request for personal hearing so as to make his oral submissions or present his case before the appeal unit under the said Scheme.

(3) The Chief Commissioner or the Director General, in charge of the Regional Faceless Appeal Centre, under which the concerned appeal unit is set up, may approve the request for personal hearing referred to in sub-paragraph (2) if he is of the opinion that the request is covered by the circumstances referred to in clause (xi) of paragraph 13 of the said Scheme.

(4) Where the request for personal hearing has been approved by the Chief Commissioner or the Director General, in charge of the Regional Faceless Appeal Centre, such hearing shall be conducted exclusively through video conferencing or video telephony, including use of any telecommunication application software which supports video conferencing or video telephony, in accordance with the procedure laid down by the Board.

(5) Any examination or recording of the statement of the appellant or any other person shall be conducted by Commissioner (Appeals) in any appeal unit under the said Scheme, exclusively through video conferencing or video telephony, including use of any telecommunication application software which supports video conferencing or video telephony in accordance with the procedure laid down by the Board.

(6) The Board shall establish suitable facilities for video conferencing or video telephony including telecommunication application software which supports video conferencing or video telephony at such locations as may be necessary, so as to ensure that the appellant, or his authorised representative, or any other person is not denied the benefit of the said Scheme merely on the ground that such appellant or his authorised representative, or any other person does not have access to video conferencing or video telephony at his end.
C. (1) An appeal against an order passed by the National Faceless Appeal Centre under the said Scheme shall lie before the Income Tax Appellate Tribunal having jurisdiction over the jurisdictional Assessing Officer.

(2) Subject to the provisions of paragraph (3) of the said Scheme, where any order passed by the National Faceless Appeal Centre or Commissioner (Appeals) is set-aside and remanded back to the National Faceless Appeal Centre or Commissioner (Appeals) by the Income Tax Appellate Tribunal or High Court or Supreme Court, the National Faceless Appeal Centre shall pass the order in accordance with the provisions of the said Scheme.”.

2. The provisions of section 140 and section 282A of the Act shall apply to appellate proceedings in accordance with the said Scheme subject to the following, exceptions, modifications and adaptations, namely: -

“an electronic record shall be authenticated by the -

(i) National Faceless Appeal Centre by affixing its digital signature;

(ii) the appellant or any other person, by affixing his digital signature if he is required under the Rules to furnish his return of income under digital signature, and in any other case by affixing his digital signature or under electronic verification code.

Explanation. – For the purpose of this paragraph, “electronic verification code” shall have the same meaning as referred to in rule 12 of the Rules.”

3. The provisions of section 154 and section 155 of the Act shall apply to the order passed in accordance with the said Scheme subject to the following exceptions, modifications and adaptations, namely:-

“(1) With a view to rectifying any mistake apparent from the record the National Faceless Appeal Centre may amend any order passed by it, by an order to be passed in writing.

(2) Subject to the other provisions of the said Scheme, an application for rectification of mistake referred to in subparagraph (1) may be filed with the National Faceless Appeal Centre by the,—

(a) appellant or any other person, as the case may be; or

(b) appeal unit preparing or reviewing or revising the draft order; or

(c) the National e-Assessment Centre or the Assessing Officer, as the case may be.

(3) Where any application referred to in sub-paragraph (2) is received by the National Faceless Appeal Centre, it shall assign such application to a specific appeal unit in any one Regional Faceless Appeal Centre through an automated allocation system.

(4) The appeal unit shall examine the application and prepare a notice for granting an opportunity—

(a) to the appellant or any other person, as the case may be, where the application has been filed by the National e-Assessment Centre or the Assessing Officer, as the case may be; or

(b) to the National e-Assessment Centre or the Assessing Officer, as the case may be, where the application has been filed by the appellant or any other person, as the case may be; or

(c) to the appellant or any other person, as the case may be, and the National e-Assessment Centre or the Assessing Officer, as the case may be,
where the application has been filed by an appeal unit referred to in clause (b) of sub-paragraph (2); and
send the notice to the National Faceless Appeal Centre.

(5) The National Faceless Appeal Centre shall serve the notice referred to in sub-paragraph (4) upon the appellant or any other person, as the case may be, or the National e-Assessment Centre or the Assessing Officer, as the case may be, calling upon him to show cause as to why rectification of mistake should not be carried out under the relevant provisions of the Act.

(6) The appellant or any other person, as the case may be, or the National e-Assessment Centre or the Assessing Officer, as the case may be, shall file a response to the notice, as referred to in sub-paragraph (5), within the date and time specified in such notice, or such extended date and time as may be allowed on the basis of an application made in this behalf, to the National Faceless Appeal Centre.

(7) Where a response, as referred to in sub-paragraph (6), is filed by the appellant or any other person, as the case may be, or the National e-Assessment Centre or the Assessing Officer, as the case may be, the National Faceless Appeal Centre shall send such response to the appeal unit, or where no such response is filed, inform the appeal unit.

(8) The appeal unit shall, after taking into consideration the application and response, if any, filed by the appellant or any other person, as the case may be, or the National e-Assessment Centre or the Assessing Officer, as the case may be, prepare a draft order, —

(a) for rectification of mistake; or

(b) for rejection of application for rectification, citing reasons thereof;

and send the order to the National Faceless Appeal Centre.

(9) The National Faceless Appeal Centre shall, upon receipt of draft order, as referred to in sub-paragraph (8), pass an order as per such draft and communicate such order, —

(a) to the appellant or any other person, as the case may be; and

(b) to the National e-Assessment Centre or the Assessing Officer, as the case may be, for such action as may be required under the Act;”.

4. The provisions of Chapter XXI of the Act shall apply to penalties imposable in accordance with the said Scheme subject to the following exceptions, modifications and adaptations, namely:-

“(1) Appeal unit may, in the course of appeal proceedings, for non-compliance of any notice, direction or order issued under the said Scheme on the part of the appellant or any other person, as the case may be, send recommendation for initiation of any penalty proceedings to the National Faceless Appeal Centre.

(2) The National Faceless Appeal Centre shall, upon receipt of recommendation under sub-paragraph (1), serve a notice on the appellant or any other person, as the case may be, calling upon him to show cause as to why penalty should not be imposed upon him under the relevant provisions of the Act.

(3) The appellant or any other person, as the case may be, shall file a response to the show-cause notice referred to in sub-paragraph (2) or in sub-clause (d) of clause (xxiv) of sub-paragraph (1) of paragraph 5 of the said Scheme, within the date and time specified in such notice, or such extended date and time as may be allowed on the basis of an application made in this behalf, to the National Faceless Appeal Centre.
(4) The National Faceless Appeal Centre shall assign the recommendation for initiation of penalty proceedings, as referred to in sub-paragraph (1), along with the response filed, if any, by the appellant or any other person, as the case may be, to a specific appeal unit in any one Regional Faceless Appeal Centre through an automated allocation system.

(5) The appeal unit shall, after taking into account all the relevant material available on the record, including the response filed, if any, by the appellant or any other person, as the case may be, —

(a) prepare a draft order and send a copy of such order to National Faceless Appeal Centre; or

(b) drop the penalty after recording reasons, under intimation to the National Faceless Appeal Centre.

(6) where the appeal unit has dropped the penalty, the National Faceless Appeal Centre shall send an intimation thereof, or where the appeal unit sends a draft order, the National Faceless Appeal Centre shall pass the order for imposition of penalty as per such draft, and communicate such order, to,—

(a) the appellant or any other person, as the case may be; and

(b) the National e-Assessment Centre or the Assessing Officer for such action as may be required under the Act.”

5. The provisions of section 282, section 283 and section 284 of the Act shall apply to the said Scheme subject to the following exceptions, modifications and adaptations, namely: -

“A. (1) Every notice or order or any other electronic communication under the said Scheme shall be delivered to the addressee, being the appellant, by way of,-

(a) placing an authenticated copy thereof in the appellant’s registered account; or

(b) sending an authenticated copy thereof to the registered email address of the appellant or his authorised representative; or

(c) uploading an authenticated copy on the appellant’s Mobile App; and

followed by a real time alert.

(2) Every notice or order or any other electronic communication under the said Scheme shall be delivered to the addressee, being any other person, by sending an authenticated copy thereof to the registered email address of such person, followed by a real time alert.

(3) The appellant shall file his response to any notice or order or any other electronic communication, under the said Scheme, through his registered account, and once an acknowledgement is sent by the National Faceless Appeal Centre containing the hash result generated upon successful submission of response, the response shall be deemed to be authenticated.

(4) The time and place of dispatch and receipt of electronic record shall be determined in accordance with the provisions of section 13 of the Information Technology Act, 2000 (21 of 2000).

B. The Principal Chief Commissioner or the Principal Director General, in charge of the National Faceless Appeal Centre shall, with the prior approval of Board, lay down the standards, procedures and processes for effective functioning of the
National Faceless Appeal Centre, Regional Faceless Appeal Centres and the appeal unit set-up under the said Scheme, in an automated and mechanised environment, including format, mode, procedure and processes in respect of the following, namely:

(i) service of the notice, order or any other communication;
(ii) receipt of any information or documents from the person in response to the notice, order or any other communication;
(iii) issue of acknowledgment of the response furnished by the person;
(iv) provision of “e-appeal” facility including login account facility, tracking status of appeal, display of relevant details, and facility of download;
(v) accessing, verification and authentication of information and response including documents submitted during the appellate proceedings;
(vi) receipt, storage and retrieval of information or documents in a centralized manner;
(vii) general administration and grievance redressal mechanism in the respective Centres and units;
(viii) filing of additional ground of appeal;
(ix) filing of additional evidence;
(x) specified amount referred to in sub-clause (a) of clause (xix) of sub-paragraph of paragraph 5 of the said Scheme;
(xi) circumstances in which personal hearing referred to in sub-paragraph (3) of paragraph 12 of the said Scheme shall be approved.”

6. This notification shall come into force on the date of its publication in the Official Gazette.