



## E-ASSESSMENT

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### **Abstract**

*In the Union Budget 2019, the Hon'ble Finance Minister proposed the introduction of a faceless e-assessment to be launched in 2019 in a phased manner. The scheme seeks to eliminate the human interface between the taxpayer and the income tax department. The scheme lays down the procedure to carry out a faceless assessment through electronic mode. It states that all communication with tax payers and among assessment centres etc will be purely electronic; communications to be digitally authenticated; and most importantly assesses will not to make personal appearance at centres. Section 143(3A) & (3B) of the Income Tax Act, 1961 empowered the E-assessment scheme to impart greater efficiency, transparency and accountability by eliminating the interface between the Assessing Officer and the assessee in the course of proceedings to the extent technologically feasible, optimizing utilization of the resources through economies of scale and functional specialization and introducing a team-based assessment with dynamic jurisdiction.*

**Key Words:** *E-Assessment, Income Tax, Tax Payers, Officers, Etc.*

### **Objectives**

1. To Study the concept of e-assessment
2. To study the types, structure and procedure of e-assessment
3. To study the scope and limitations of e-assessment.

### **Introduction**

In the Union Budget 2019, the Hon'ble Finance Minister proposed the introduction of a scheme of faceless e-assessment to be launched in 2019 in a phased manner. The scheme seeks to eliminate the human interface between the taxpayer and the income tax department. The scheme lays down the procedure to carry out a faceless assessment through electronic mode. It states that all communication with tax payers and among assessment centres etc will be purely electronic; communications to be digitally authenticated; and most importantly assesseees will not to make personal appearance at centres. Section 143(3A) & (3B) of the Income Tax Act, 1961 empowered the E-assessment scheme to impart greater efficiency, transparency and accountability by eliminating the interface between the Assessing Officer and the assessee in the course of proceedings to the extent technologically feasible and optimizing utilization of the resources through economies of scale and functional specialization and introducing a team-based assessment with dynamic jurisdiction.

### **Definition**

#### **E-ASSESSMENT**

'E-Assessment' is the use of digital technologies to create, distribute, assess and provide feedback for formative, summative, diagnostic or self-assessment. Technological developments have afforded new ways of assessing student learning and providing feedback.

E-Assessment systems can reduce the workload of educators and administrative staff by streamlining administrative processes such as collating assessments for marking and quality assurance reviews, and disseminating grades and feedback. Assessment rubrics can be created to facilitate automated marking and to create reusable feedback comment repositories.



## Background

1. In October 2015 CBDT implemented 'E-mail based assessment' on a pilot basis and it is introduced in 5 metro cities and later extended to Hyderabad and Kolkata.
2. After that in February 2016 CBDT notified procedures and standards to be followed to ensure secured transmission of electronic communication.
3. Next that in April 2017 CBDT launched 'E-proceeding' module with the use of electronic means as an interface between the taxpayer and tax authority .
4. In the Budget Speech 2018 Hon. Finance minister tell us that with the experience gained so far, we are now ready to roll out the E-assessment across the country.
5. In the Budget Speech 2019 Hon. Finance minister announce a scheme of faceless assessment in electronic mode involving no human interface is being launched this year in a phased manner.
6. Finally on 12 September 2019 CBDT notified E-assessment Scheme, 2019.

## Benefits of E-Assessment

- Ease of compliance for taxpayers through the digital route
- Elimination of human interface
- Transparency, accountability and efficiency
- Functional Specialization
- Improvement in Quality of Assessment
  - Risk based and focused approach
  - Systematic and specific verification
  - Standardization and quality management
  - Better monitoring
- Exeditious Disposal of Cases

## Types of Assessment

### a) Manual Assessment: In Manual Assessment -

- Issue of notice by Jurisdictional Assessing Officer;
- Submissions filed physically and ease in discussions due to human interface;
- Taxpayer can discuss the case;
- Ease in understanding complex transactions due to physical presence;
- Orders are passed manually / physically;
- Physical filing of appeal to the Commissioner of Income Tax (Appeals).

### b) E-Mail Assessment: In E-Mail Assessment -

- Jurisdictional Assessing Officer to upload the Notices on the E-filing portal;
- Response to the notice to be filed online by the Taxpayer;
- Physical Discussions with the Assessing Officer to be continued;
- Orders uploaded on the E-filing portal;
- E-filing of appeal to the Commissioner of Income Tax (Appeals) in Form 35;
- Commissioner of Income Tax (Appeals) Submissions to be physically filed;

### c) E-Assessment – In E-Assessment process -

- Issue of notice by National e-Assessment Centre, to initiate assessment;
- Faceless Assessment;
- No Human Interface;
- No interaction between the Taxpayer and the Assessing Officer



## **Structure for E-Assessment**

### **a) National E-assessment Centre -**

A National e-assessment Centre is to facilitate the conduct of e-assessment proceedings in a centralized manner, which shall be vested with the jurisdiction to make assessment in accordance with the provisions of this Scheme.

### **b) Regional E-assessment Centre -**

Regional e-assessment Centres as it may deem necessary to facilitate the conduct of e-assessment proceedings in the cadre controlling region of a Principal Chief Commissioner, which shall be vested with the jurisdiction to make assessment in accordance with the provisions of this Scheme.

### **c) Assessment Units -**

The assessment units are to facilitate the conduct of e-assessment, 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 assessment.

### **d) Verification Units -**

The verification units are to facilitate the conduct of e-assessment; to perform the function of verification, which includes enquiry, cross verification, examination of books of accounts, examination of witnesses and recording of statements; and such other functions as may be required for the purposes of verification

### **f) Technical Units -**

The technical units are to facilitate the conduct of e-assessment; 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 Scheme.

### **g) Review Units -**

The review units are to facilitate the conduct of e-assessment, 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, the relevant points of fact and law have been duly incorporated in the draft order, the issues on which addition or disallowance should be made have been discussed in the draft order, the applicable judicial decisions have been considered and dealt with in the draft order, checking for arithmetical correctness of modifications proposed, if any; and such other functions as may be required for the purposes of review.

## **Procedure for E-Assessment**

- A notice under section 143(2) of the Income Tax Act, 1961 would be served on the taxpayer by the National e-Assessment Centre mentioning the issues for selection of taxpayer's case for scrutiny.
- The taxpayer has a period of fifteen days from the date of receipt of notice to file response with the National e-Assessment Centre.
- The National e-Assessment Centre will assign the case to a specific 'assessment unit' in any one 'Regional e-Assessment Centre' through automated allocation.
- Once a case is assigned to an assessment unit, it may make a request to the National e-Assessment Centre for:
  - a) Obtaining further information, documents or evidence from the taxpayer or any other person, as it may specify. The National e-Assessment Centre shall issue appropriate notice or requisition to the taxpayer or any other person for obtaining the information, documents or evidence requisitioned by the assessment unit



- b) Conducting of certain enquiry or verification by verification unit. The request shall be assigned by the National E-Assessment Centre to a verification unit through an automated allocation system.
  - c) Seeking technical assistance from the technical unit. The request shall be assigned by the National e-Assessment Centre to a technical unit in any one Regional e-Assessment Centres through an automated allocation system.
- The 'assessment unit' shall, after receipt of all relevant material, pass a draft assessment order either accepting the returned income of the taxpayer or modifying the returned income of the taxpayer, as the case may be, and send a copy of such order to the National e-Assessment Centre.
  - The 'assessment unit' shall, while making draft assessment order, provide details of the penalty proceedings to be initiated therein, if any
  - The National e-Assessment Centre shall examine the draft assessment order in accordance with the risk management strategy specified by the CBDT, including by way of an automated examination tool, it may:

Finalize the assessment as per the draft assessment order and serve a copy of such order and notice for initiating penalty proceedings, if any, on the taxpayer, along with the demand notice, specifying the sum payable by, or refund of any amount due to the taxpayer on the basis of such assessment. Provide an opportunity to the taxpayer, in case a modification is proposed, by serving a notice calling upon him to show cause as to why the assessment should not be completed as per the draft assessment order;

#### **Procedure for Appeal**

An Appeal against an Assessment Order passed by the National e-Assessment Centre under the e-Assessment scheme can be filed before the Commissioner of Income Tax (Appeals) having jurisdiction over the Jurisdictional Assessing Officer.

Assessment Order passed by the National e-Assessment Centre  
Appeal before Commissioner of Income Tax (Appeals)  
Having jurisdiction over the Jurisdictional Assessing Officer

#### **Communication and Electronic Record: For Officers -**

- All communications between the National e-Assessment Centre and the taxpayer and all internal communications between the National e-Assessment Centre, Regional e-Assessment Centres and the units of Regional e-Assessment Centre shall be exchanged in electronic mode only.
- All the electronic records (which includes any notice, order or any other electronic communication) issued under the e-Assessment scheme shall be authenticated by the Originator by affixing his/her digital signature.
- All the electronic records or any other electronic communication under the e-Assessment scheme shall be communicated to the taxpayer, by way of:
  - i) Placing the communication in the taxpayer's registered account on the e-filing portal;
  - ii) Sending the communication to the registered email address of the taxpayer; and
  - iii) Uploading the communication on the tax payer's Mobile App; and followed by a real-time.

#### **Communication and Electronic Record : For taxpayers -**

- The taxpayer shall file his response to any notice or order or any other electronic communication through his registered account on the e-filing portal, and once the acknowledgement is received from the National e-Assessment Centre, generated upon successful submission of response, the response shall be deemed to be authenticated.
- On completion of the assessment proceedings, National e-Assessment Centre shall transfer all the Electronic Records of the case to the Assessing Officer having the jurisdiction over the said case for:



- i) Imposition of Penalty;
- ii) Collection and recovery of demand;
- iii) Rectification of mistake;
- iv) Giving effect to appellate orders;
- v) Submission of the Remand Report;
- vi) Proposal seeking sanction for launch of prosecution proceedings.

**Under the E-assessment Scheme, personal hearing / attendance may take place in the following situations:**

- i) Where book of accounts must be examined;
- ii) Where Assessing Officer invokes provisions of section 131 of the Act;
- iii) Where examination of witness is required to be made by the Assessee and the Department;
- iv) Where a show-cause notice is issued contemplating any adverse view by the Assessing Officer and the Assessee requests through the E-filing Account for personal hearing to explain the matter.

**Powers under E-Assessment Scheme**

• The Principal Chief Commissioner or the Principal Director General, in charge of the National e-Assessment Centre shall specify the standards, procedures and processes for effective & efficient working of the National e-Assessment Centre, Regional e-Assessment Centres and the units set-up under this scheme. The systems shall function in an automated and mechanized manner, including standard, 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 in response to the notice, order or any other communication;
- c) Issue of acknowledgement of the response furnished;
- 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 centralized manner;
- g) General administration and grievance Redressal mechanism in the respective Centres and units.

**Progress under E-Assessment so far**

05.07.2019	Announcement in Budget
12.09.2019	Notification of E-Assessment Scheme 2019
17.09.2019	Diversion of Posts from Commissioner of Income Tax and above
17.09.2019	Posting of officers in National e-Assessment Centre
23.09.2019	Notification for All India Jurisdiction (concurrent) to National e-Assessment Centre
24.09.2019	Selection of cases for E-Assessment scheme 2019
26.09.2019	Notification of designated portal for E-Assessment
27.09.2019	Issue of digitally signed notices in 58,322 cases
30.09.2019	Allocation of office space for National e-Assessment Centre
01.10.2019	Diversion of posts for Regional e-Assessment Centre from Add. CIT and below
03.10.2019	Setting up and All India Jurisdiction (concurrent) to Regional e-Assessment Centre
07.10.2019	Inauguration of National e-Assessment Centre and Regional e-Assessment Centre by Hon. Finance Minister.

**Challenges in E-Assessment**

- Difficult for the tax authorities to understand the rationale in case of assessment proceedings in Complex Commercial Transactions, without human interface.
- Overlap of information and documents and adherence to statutory timelines due to involvement of various units in the new structure



- Uncertainty of scope of E-assessment in cases of Reassessment proceedings u/s 147 or revision proceedings u/s 263 of the Act
- Inadequate IT Infrastructure and software availability
- Technical glitches like unexpected rush and crashing of servers
- Lack of Clarity with respect to the opportunity provided to the Taxpayer in cases where a modification is proposed in the Draft Assessment Order
- Procedure in case of Assessment Order passed after DRP Directions
- Uncertainty in cases of Transfer Pricing Assessments
- Method of seeking additional time by the Assessee in case unable to comply with timelines
- Submissions made beyond time lines allowed?

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