

## **Income -Tax Rules,1962 (Part-E):-**

**Div.(13) Tax Return Preparer Scheme, 2006;**

**Div.(14) Bank Term Deposit Scheme,2006;**

**Div.(15) Reduction or Waiver of Interest Under Section 234A-234B-234C;**

**Div.(16) Delay In Refund Claim;**

**Div.(17) Centralised Verification Scheme, 2019;**

**Div.(18) Faceless, Assessment, Appeal & Penalty;**

**Div.(19) Sukanya Samriddhi Account Scheme, 2019;**

**Div.(20) Senior Citizens' Savings Scheme, 2019;**

**Div.(21) Kisan Vikas Patra Scheme, 2019;**

**Div.(22) Public Provident Fund Scheme,2019;**

**Div.(23) National Savings Certificates (VIII Issue) Scheme,2019;**

**Div.(24)Centralised Processing Of Returns Scheme,2011;**

<b>DIVISION 13</b>	<b>TAX RETURN PREPARER SCHEME, 2006</b>
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### *Arrangement of Paragraphs*

PARA		PAGE
1.	Short title, commencement and application	13.3
2.	Definitions	13.3
3.	Educational qualification for Tax Return Preparers	13.4
4.	Enrolment, training and certification to persons to act as Tax Return Preparers	13.4
5.	Preparation of and furnishing the Return of Income by the Tax Return Preparer	13.5
6.	Duties and obligations of eligible person	13.6
7.	Duties and obligations of the Tax Return Preparer	13.6
8.	Selection and responsibilities of the Partner Organisation	13.7
9.	Incentive to Tax Return Preparers	13.8
10.	Maintenance of particulars relating to Tax Return Preparers	13.9
11.	Withdrawal of certificate given to the Tax Return Preparer	13.9
12.	Responsibilities and functions of the Resource Centre	13.10



# TAX RETURN PREPARER SCHEME, 2006

**NOTIFICATION NO. SO 2039(E), DATED 28-11-2006**

*In exercise of the powers conferred by sub-section (1) of section 139B of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby frames the following scheme, namely:—*

## **Short title, commencement and application.**

1. (1) This scheme may be called the Tax Return Preparer Scheme, 2006.
- (2) It shall come into force on the first day of December, 2006.
- (3) Save as otherwise provided in the Scheme, it shall be applicable to all eligible persons.

## **Definitions.**

2. In this Scheme, unless the context otherwise requires,—

- (a) "Act" means the Income-tax Act, 1961 (43 of 1961);
- (b) "Board" means the Central Board of Direct Taxes constituted under the Central Boards of Revenue Act, 1963 (54 of 1963);
- (c) "eligible person" means any person being an individual or a Hindu undivided family;
- (d) "Partner Organisation" means an organisation or agency selected by the Board and with whom an agreement has been entered into by the Board or the Resource Centre authorising it to act as Partner Organisation under this Scheme;
- (e) "Resource Centre" means the Directorate of Income-tax constituted by the Board to act as the Resource Centre under this Scheme;
- (f) "Tax Return Preparer" means any individual who has been issued a "Tax Return Preparer Certificate" and a "unique identification number" under clause (viii) of paragraph 4 of this Scheme by the Partner Organisation to carry on the profession of preparing the returns of income in accordance with the provisions of this Scheme;

[Provided that a person being a person referred to in clause (ii) or clause (iii) or clause (iv) of sub-section (2) of section 288 shall not be entitled to act as Tax Return Preparer;]

1. Substituted by the Tax Return Preparer (First Amdt.) Scheme, 2010, w.e.f. 22-11-2010.  
Prior to its substitution, it read as under:

(Contd. on page 13.4)

- (g) words and expressions used herein but not defined and defined in the Act shall have the meanings respectively assigned to them in the Act.

### **Educational qualification for Tax Return Preparers.**

[3. An individual, who holds a bachelor degree from a recognised Indian University or institution, or has passed the intermediate level examination conducted by the Institute of Chartered Accountants of India or the Institute of Company Secretaries of India or <sup>2a</sup>[the Institute of Cost Accountants of India], shall be eligible to act as Tax Return Preparer.]

### **Enrolment, training and certification to persons to act as Tax Return Preparers.**

4. The Partner Organisation shall, for the purpose of enrolment, training and certification to persons to act as Tax Return Preparers follow the following procedure, namely:—

(i) It shall invite application from persons,—

(a) having requisite educational qualifications specified in paragraph 3 or having appeared in the final year examination of the qualifying examination; and

(b) who is not below the age of twenty one years or more than forty-five years as on the 1st day of October of the year immediately preceding the date on which applications are invited.

(ia) It shall require that the application under clause (i) shall be accompanied by a fee of two hundred and fifty rupees, and failing which the application shall be invalid;]

(Contd. from page 133)

**Provided** that a person being a person—

(i) referred to in clause (i) or clause (ii) or clause (iv) of sub-section (2) of section 288;

or  
(ii) who is in employment and income from which is chargeable to income-tax under the head "Salaries",

shall not be entitled to act as "Tax Return Preparer"

2. Substituted by the Tax Return Preparer (Amendment) Scheme, 2018, w.e.f. 19-1-2018. Prior to its substitution, paragraph 3 read as under :

"3. Any individual who holds a graduation degree from a recognized Indian University in the fields of Business Administration or Management or Commerce or Economics or Law or Mathematics or Statistics shall be eligible to act as Tax Return Preparer."

2a. Substituted for "the Institute of Certified Management Accountants of India" by Corrigenda G.S.R. 171(E), dated 16-2-2018.

3. Clauses (i) and (ia) substituted for clause (i) by the Tax Return Preparer (Amendment) Scheme, 2018, w.e.f. 19-1-2018. Prior to its substitution, clause (i) read as under :

"(i) It shall invite applications from Indian citizens having requisite educational qualification, who are desirous to act as Tax Return Preparers:

**Provided** that a person who is of the age of more than thirty-five years on the first day of the October immediately preceding the day on which applications are invited shall not be eligible to apply:

**Provided further** that an application shall be invalid unless it is accompanied with a fee of one hundred rupees;"

- (ii) It shall require the person applying to act as Tax Return Preparer to indicate in the application form the preferences for centres where at training may be imparted to him;
- (iii) It shall, in accordance with the criteria laid down by the Resource Centre with prior approval of the Board, carry out the screening of the applications so received and select the persons to appear in a test for their enrolment;
- (iv) It shall carry out a test for enrolment of persons who have been selected on screening;
- [(v) It shall enrol the persons who qualify the test for enrolment for each training centre separately.
- (va) It shall not enrol any person under clause (v), unless -
  - (a) he makes a deposit of an amount of seven hundred and fifty rupees, which shall be non-refundable; and
  - (b) he produces a proof of having passed the qualifying examination as specified in paragraph 3;]
  - (vi) It shall train the persons so enrolled in accordance with the curriculum provided by the Resource Centre;
  - (vii) It shall, after completion of training, conduct an examination of the enrolled persons in accordance with the procedure as laid down by the Resource Centre;
  - (viii) It shall issue a "Tax Return Preparer Certificate" and a "unique identification number" to the persons who are declared as successful in the examination so conducted;
  - (ix) <sup>5</sup>[\*\*\*]

**Preparation of and furnishing the Return of Income by the Tax Return Preparer.**

5. (1) An eligible person may, at his option, furnish his return of income under section 139 of the Act for any assessment year after getting it prepared through a Tax Return Preparer:

Provided that the return of income for an assessment year shall not be prepared and furnished through a Tax Return Preparer, if—

- (i) an eligible person is carrying out business or profession during the previous year relevant to such assessment year and accounts of the

4. Clauses (v) and (va) substituted for clause (v) by the Tax Return Preparer (Amendment) Scheme, 2018, w.e.f. 19-1-2018. Prior to its substitution, clause (v) read as under :

“(v) It shall enroll the persons (for each centre of training separately) who qualify at the test for enrolment:

Provided that no person shall be enrolled unless he makes a deposit of one thousand rupees with the Partner Organisation;”

5. Omitted, *ibid*. Prior to its omission, clause (ix) read as under :

“(ix) It shall refund the deposit (without any interest thereon) received from the person declared as successful in the examination so conducted.”

business or profession for that previous year are required to be audited under section 44AB of the Act or under any other law for the time being in force; or

- (ii) eligible person is not resident in India during the previous year relevant to such assessment year:

**Provided further** that an eligible person shall not furnish a revised return of income under sub-section (5) of section 139 of the Act for any assessment year through a Tax Return Preparer unless he has furnished the original return of income for that assessment year through such or any other Tax Return Preparer:

**Provided also** that a return of income which is required to be furnished in response to a notice under clause (i) of sub-section (1) of section 142 or section 148 or section 153A of the Act shall not be prepared and furnished through a Tax Return Preparer.

(2) The Tax Return Preparer shall prepare and furnish the return of income to the Assessing Officer having the jurisdiction over the concerned assessee or to any other officer or agency as may be directed by the Resource Centre with the approval of the Board and hand over the acknowledgement of having furnished the return to the concerned eligible person.

**Duties and obligations of eligible person.**

6. An eligible person opting to furnish his return of income under this Scheme shall—

- (i) ensure that his return of income falls under this Scheme;
- (ii) approach and give his consent to any Tax Return Preparer to prepare his return of income for any assessment year;
- (iii) before verifying and signing the return, ensure that the facts mentioned in the return are true and correct;
- (iv) certify the amount which has been paid by him under this Scheme to the Tax Return Preparer for preparing and furnishing of his return of income;
- (v) take a receipt of the payment made to the Tax Return Preparer and produce the same before the Resource Centre or Partner Organisation or Assessing Officer, if required.

**Duties and obligations of the Tax Return Preparer.**

7. The Tax Return Preparer shall—

- (i) prepare the return with due diligence;
- (ii) affix his signature on the return prepared by him;
- (iii) furnish the return with the Assessing Officer having the jurisdiction over the concerned assessee or to any other officer or agency as may be directed by the Resource Centre with the approval of the Board;
- (iv) hand over a copy of the return to the person whose return is prepared and furnished by him;

- (v) retain a copy of the acknowledgement of having furnished the return;
- (vi) in respect of returns prepared and furnished by him during a month, maintain record of the following, namely—
  - (a) the name of assesseees whose returns of income have been prepared and furnished by him during that month;
  - (b) the permanent account number of such assesseees;
  - (c) assessment year;
  - (d) date of furnishing the return;
  - (e) acknowledgement number;
  - (f) jurisdiction of the Assessing Officer;
  - (g) amount of income declared in the return;
  - (h) amount of tax payable;
  - (i) amount of tax paid;
  - (j) the amount disbursable to him under sub-paragraph (1) of paragraph 9 of this Scheme for any eligible assessment year mentioned therein;
  - (k) the fee charged and received by him under sub-paragraph (2) of paragraph 9 of this Scheme;
- (vii) furnish a statement of particulars mentioned in item (vi) for every month on or before the seventh day of the immediately following month to the Resource Centre.

#### **Selection and responsibilities of the Partner Organisation.**

8. (1) The Board shall select a Partner Organisation to partner with the Resource Centre in the smooth implementation of the Scheme.
- (2) The Partner Organisation shall function under the overall guidance and control of the Resource Centre and follow the instructions issued to it by the Resource Centre from time to time about implementation of the Scheme.
- (3) The Partner Organisation shall be responsible to carry out the activities which it is required to carry out under paragraph 4 of this Scheme.
- (4) The Partner Organisation shall maintain the profile of the Tax Return Preparers during their training and monitor their performance as Tax Return Preparers.
- (5) The Partner Organisation shall be responsible for disbursement of incentives to the Tax Return Preparers under the Scheme.
- (6) The Partner Organisation shall perform its functions to the satisfaction of the Resource Centre.
- (7) The Board may, on the recommendation of the Resource Centre, terminate the agreement with the Partner Organisation and may—
  - (i) enter into an agreement with any other Partner Organisation; or
  - (ii) assign its functions to the Resource Centre,



if in its opinion, the Partner Organisation has failed to perform its functions properly.

#### **Incentive to Tax Return Preparers.**

9. [(1) The Board may authorise the Resource Centre or the Partner Organisation to disburse to a Tax Return preparer, the following amount, namely:—

- (a) five per cent of the tax paid on the income declared in the return of income for First Eligible Assessment Year which has been prepared and furnished by him;
- (b) three per cent of the tax paid on the income declared in the return of income for the Second Eligible Assessment Year which has been prepared and furnished by him;
- (c) two per cent of the tax paid on the income declared in the return of income for the Third Eligible Assessment Year which has been prepared and furnished by him.

(1A) The amount of disbursement for any eligible person in relation to an eligible year shall not exceed,—

- (a) five thousand rupees in case of First Eligible Assessment Year;
- (b) three thousand rupees in case of Second Eligible Assessment Year; and
- (c) two thousand rupees in case of Third Eligible Assessment Year.]

(2) The Tax Return Preparer shall charge a fee of two hundred and fifty rupees for any assessment year from the eligible person for preparing and furnishing his return of income for that assessment year:

6. Sub-paragraphs (1) and (1A) substituted for sub-paragraph (1) by the Tax Return Preparer (Amendment) Scheme, 2018, w.e.f. 19-1-2018. Prior to its substitution, sub-paragraph (1) read as under :

“(1) The Board may authorise the Resource Centre or the Partner Organisation to disburse to a Tax Return Preparer, the following amount, namely:—

- (a) three per cent of the tax paid on the income declared in the return of income for First Eligible Assessment Year which has been prepared and furnished by him;
- (b) two per cent of the tax paid on the income declared in the return of income for the Second Eligible Assessment Year which has been prepared and furnished by him;
- (c) one per cent of the tax paid on the income declared in the return of income for the Third Eligible Assessment Year which has been prepared and furnished by him;

**Provided** that the amount of disbursement for any eligible assessment year in relation to an eligible person shall not exceed one thousand rupees:

**Provided further** that in a case where an eligible person after furnishing his return of income for the First Eligible Assessment Year or Second Eligible Assessment Year through a Tax Return Preparer, furnishes the return for Second Eligible Assessment Year or as the case may be, Third Eligible Assessment Year through another Tax Return Preparer, the amount of disbursement to another Tax Return Preparer shall be computed at the rates applicable for the Second Eligible Assessment Year or as the case may be, the Third Eligible Assessment Year.”

**Provided** that no fee shall be charged from the eligible person for preparing and furnishing the return for any eligible assessment year if the amount disburseable under sub-paragraph (1) for that eligible assessment year exceeds two hundred and fifty rupees:

**Provided further** that in a case where for preparing and furnishing the return of income for an eligible assessment year, the amount disburseable under sub-paragraph (1) does not exceed two hundred and fifty rupees, the Tax Return Preparer shall charge from the eligible person for that eligible assessment year a fee of the amount by which the amount of two hundred and fifty rupees exceeds the amount disburseable under sub-paragraph (1).

(3) The disbursement due to a Tax Return Preparer under sub-paragraph (1) shall be made after processing the return under sub-section (1) of section 143.

(4) The Board may alter or omit the provisions relating to disbursement under sub-paragraph (1) at any time without any prior notice.

**Explanation:—**For the purposes of this paragraph—

(i) in relation to an eligible person—

(a) "First Eligible Assessment Year" means any assessment year if the eligible person has not furnished the return of his income for three assessment years or more than three assessment years immediately preceding such assessment year;

(b) "Second Eligible Assessment Year" means the assessment year immediately following the First Eligible Assessment Year;

(c) "Third Eligible Assessment Year" means the assessment year immediately following the Second Eligible Assessment Year;

(ii) "tax paid" in relation to an eligible assessment year means the aggregate of tax paid by way of advance tax, tax deducted or collected at source or tax paid on self-assessment (including surcharge and Education Cess) but does not include—

(a) interest if any, paid by the eligible person under section 234A or section 234B or section 234C; or

(b) the amount which is refundable to the eligible person under sub-section (1) of section 143.

#### **Maintenance of particulars relating to Tax Return Preparers.**

10. (1) The Resource Centre shall, in relation to each Tax Return Preparer, maintain the particulars which may be necessary to assess his performance.

(2) The Resource Centre may issue instructions to the Tax Return Preparers from time to time.

#### **Withdrawal of certificate given to the Tax Return Preparer.**

11. (1) The Resource Centre shall either on its own or on the recommendation of the prescribed authority referred to in rule 52 of the Income-tax Rules, 1962, may warn a Tax Return Preparer about the deficiencies in his work and his misconduct, and may proceed for cancellation of certificate of a

Tax Return Preparer, because of the following deficiencies or the misconduct, which may warrant such action, that is to say—

- (i) if he fails to give a copy of the return to the assessee;
- (ii) if he prepares a return but fails to affix his signature thereon;
- (iii) if he fails to furnish his name and unique identification number in the return prepared by him;
- (iv) if he fails to enter any information made available to him by the assessee, correctly in the return prepared by him;
- (v) if he makes repeated mistakes relating to computation of income in the returns prepared by him;
- (vi) if he makes a wrong or fraudulent claim for disbursement under subparagraph (1) of paragraph 9;
- (vii) if he is engaged in any financial irregularity, forgery or fraud;
- (viii) if he wilfully attempts to understate the income in the return or tax liability thereon;
- (ix) if he is involved in any other irregularity which, in the opinion the Chief Commissioner or the Commissioner of Income-tax, is grave in nature;
- (x) if he fails to comply with the directions issued by the Resource Centre from time to time;
- (xi) if he fails to upgrade his skills as required by the Resource Centre from time to time; or
- [(xii) if he, after issue of Tax Return Preparer Certificate to him under clause (viii) of paragraph 4 of the Scheme, becomes a person referred to in clause (i) or clause (ii) or clause (iv) of sub-section (2) of section 288 of the Act.]

(2) A Tax Return Preparer may continue to act as such, unless—

- (i) the Tax Return Preparer Certificate issued to him under clause (viii) of paragraph 4 of this Scheme is suspended or withdrawn by the Resource Centre; or
- (ii) this Scheme is withdrawn by the Board.

### Responsibilities and functions of the Resource Centre.

12. (1) The Resource Centre shall be responsible for day to day administration of the Scheme.

(2) The functions of the Resource Centre shall include—

- (i) to specify, with prior approval of the Board,

1. Substituted by the Tax Return Preparer (First Amdt.) Scheme, 2010, w.e.f. 22-11-2010. Prior to its substitution, clause (xii) read as under:

- (xii) if he, after issue of Tax Return Preparer Certificate to him under clause (viii) of paragraph 4 of the Scheme, becomes a person referred to in clause (i) or clause (ii) or clause (iv) of sub-section (2) of section 288 of the Act or takes an employment income from which is chargeable under the head "Salaries".

- (a) the number of persons to be enrolled during a financial year for training to act as Tax Return Preparers;
  - (b) the number of centres for training and their location where at training to be imparted during a financial year;
  - (c) the number of persons to be trained at each centre for training during a financial year;
- (i) to specify the curriculum and all other matters relating to the training of Tax Return Preparers;
  - (ii) maintain the particulars relating to the Tax Return Preparers as required in paragraph 10 of this Scheme;
  - (iv) any other function which is assigned to it by the Board for the purposes of implementation of the Scheme.

**DIVISION 14****BANK TERM DEPOSIT  
SCHEME, 2006*****Arrangement of Paragraphs***

<b>PARA</b>		<b>PAGE</b>
1.	Short title and commencement	14.3
2.	Definitions	14.3
3.	Investment	14.3
4.	Types of term deposit	14.4
5.	Nomination	14.4
6.	Procedure for investment in term deposit	14.4
7.	Issue of term deposit receipt	14.4
8.	Transfer from one branch of the scheduled bank to another	14.4
9.	Pledging of term deposit	14.5
10.	Replacement of lost or destroyed term deposit receipts	14.5
11.	Encashment on maturity	14.5
12.	Rate of interest	14.6
13.	Right of nominees	14.6
14.	Payment to legal heirs	14.6
15.	Income-tax	14.6
16.	Power to relax	14.6



# **BANK TERM DEPOSIT SCHEME, 2006**

**NOTIFICATION NO. SO 1220(E), DATED 28-7-2006**

*In exercise of the powers conferred by clause (xxi) of sub-section (2) of section 80C of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby makes the following scheme, namely:—*

## **Short title and commencement.**

1. (1) This scheme may be called the Bank Term Deposit Scheme, 2006.
- (2) It shall come into force on the date of its publication in the Official Gazette.

## **Definitions.**

2. (1) In this scheme, unless the context otherwise requires,—
  - (a) "Act" means the Income-tax Act, 1961 (43 of 1961);
  - (b) "assessee" means—
    - (i) an individual; or
    - (ii) a Hindu undivided family;
  - (c) "form" means a form as prescribed by the scheduled bank;
  - (d) "investment" means an investment in the term deposit of a scheduled bank by an assessee in accordance with this scheme;
  - (e) "scheduled bank" means the State Bank of India constituted under the State Bank of India Act, 1955 (23 of 1955), or a subsidiary bank as defined in the State Bank of India (Subsidiary Banks) Act, 1959 (38 of 1959), or a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970), or under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980), or any other bank, being a bank included in the Second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934);
  - (f) "term deposit" means a deposit with a scheduled bank for a fixed period of not less than five years;
  - (g) "year" means a year commencing on the 1st day of April.

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

## **Investment.**

3. (1) An assessee can invest in the term deposit of a scheduled bank any amount not exceeding [one hundred and fifty thousand rupees] in a year.

1. Substituted for "one lakh rupees" by the Bank Term Deposit (Amendment) Scheme, 2014, w.e.f. 13-11-2014.

(2) The amount to be invested in the term deposit of a scheduled bank shall be a minimum of one hundred rupees or multiples thereof.

**Types of term deposit.**

4. (1) Term deposit shall be of following types, namely:—

(a) Single holder type deposits;

(b) Joint holder type deposits.

(2)(a) The single holder type deposit receipt shall be issued to an individual for himself or in the capacity of the Karta of the Hindu undivided family.

(b) The joint holder type deposit receipt may be issued jointly to two adults or jointly to an adult and a minor, and payable to either of the holders or to the survivor;

**Provided** that in the case of joint holder type deposit, the deduction from income under section 80C of the Act shall be available only to the first holder of the deposit.

**Nomination.**

5. (1) Subject to the provisions of paragraph 4, the single holder or the joint holders of a term deposit may, by filling in necessary particulars in the prescribed form at the time of making the term deposit, nominate any person who, in the event of death of the single holder or both the joint holders, as the case may be, shall become entitled to the deposit and to the payment due thereon. If such nomination is not made at the time of making the term deposit, it may be made by the single holder, the joint holders or the surviving joint holder, as the case may be, at any time after the term deposit receipt is issued, but before its maturity, by means of an application in the prescribed form to the officer in charge of the branch of the bank from which the term deposit receipt was issued.

(2) No nomination shall be made in respect of a term deposit applied for and held by or on behalf of a minor.

**Procedure for investment in term deposit.**

6. An assessee desiring to invest in term deposit, shall present at any branch of a scheduled bank, an application in the prescribed form.

**Issue of term deposit receipt.**

7. (1) The bank shall issue a term deposit receipt to an assessee on receipt of payment.

(2) The term deposit receipt shall bear the name, address, Permanent Account Number and signature of the assessee, along with any other particulars which the scheduled bank may specify.

**Transfer from one branch of the scheduled bank to another.**

8. (1) A term deposit may be transferred from one branch of the scheduled bank from which it has been issued, to any other branch of the said bank, on the assessee making an application, at either of the two branches:

**Provided** that no term deposit shall be transferred from one scheduled bank to another scheduled bank.



(2) Every such application shall be signed by the holder of the term deposit receipt:

**Provided** that in the case of joint holder type deposit, the application may be signed by one of the joint holders if the other is dead.

**Pledging of term deposit.**

9. The term deposit shall not be pledged to secure loan or as security to any other asset.

**Replacement of lost or destroyed term deposit receipts.**

10. (1) If a term deposit receipt is lost, stolen, destroyed, mutilated or defaced, the person entitled thereto may apply for the issue of a duplicate receipt to the branch of the scheduled bank from where the receipt was issued.

(2) Every such application shall be accompanied by a statement showing particulars, such as number, amount and date of the receipt, and the circumstance attending such loss, theft, destruction, mutilation or defacement.

(3) If the officer in charge of the bank is satisfied of the loss, theft, destruction, mutilation or defacement of the certificate, he shall issue a duplicate receipt on the applicant furnishing an indemnity bond in the prescribed form with one or more approved sureties or with a bank guarantee:

**Provided** that where the face value or the aggregate face value of the certificate or certificates lost, stolen, destroyed, mutilated or defaced is five hundred rupees or less, a duplicate receipt or receipts may be issued on the applicant furnishing an indemnity bond without any such surety or guarantee:

**Provided further** that where such application is made with respect to a receipt mutilated or defaced, of whatever face value, a duplicate receipt may be issued without any such indemnity bond, surety or guarantee, if the receipt mutilated or defaced is surrendered and the receipt is capable of being identified as the one originally issued.

(4) A duplicate receipt issued under sub-paragraph (3) shall be treated as equivalent to the original receipt for all the purposes of this scheme except that it shall not be encashable at a branch of the bank other than the branch at which such receipt is issued without previous verification.

**Encashment on maturity.**

11. (1) The maturity period of a term deposit receipt of any denomination shall be five years commencing from the date of the receipt.

(2) No term deposit shall be encashed before the expiry of five years from the date of its receipt:

**[Provided** that in the event of the death of the first holder of the deposit in a case of a joint holder type deposit, the other holder of the deposit shall be entitled to encash the term deposit before its maturity by making an application to the branch manager of the bank, supported by proof of death of the first holder of the deposit.]

**Rate of interest.**

12. (1) The rate of interest on the term deposit shall be in accordance with the rate fixed by the scheduled bank from time to time.

(2) The interest may be paid either in lump sum at the time of maturity or it may be paid every quarter or every month in accordance with the regulatory guidelines for payment of interest on the term deposit.

(3) Where the interest is paid by the scheduled bank in lump sum at the time of maturity, the term deposit receipt shall bear the yearly rate of interest on the term deposit.

**Right of nominees.**

13. (1) In the event of the death of the holder of a term deposit in respect of which a nomination is in force, the nominee or nominees shall be entitled at any time before or after the maturity of the term deposit to encash the term deposit.

(2) For the purpose of sub-paragraph (1), the surviving nominee or nominees shall make an application to the branch manager of the bank, supported by proof of death of the holder and of deceased nominee or nominees, if any.

(3) If there are more nominees than one, all the nominees shall give a joint discharge of the receipt at the time of receiving the payment.

**Payment to legal heirs.**

14. If a holder of a term deposit dies and there is no nomination in force at the time of his death, manager of the branch of bank from where the term deposit was issued, shall pay the sum due to the deceased, to his legal heirs.

**Income-tax.**

15. (1) Interest on these term deposits shall be liable to tax under the Act, on the basis of annual accrual or receipt, depending upon the method of accounting followed by the assessee.

(2) The tax on such interest shall be deducted in accordance with the provisions of section 194A or section 195 of the Act.

**Power to relax.**

16. Where the Central Government is satisfied that the operation of any of the provisions of this scheme causes undue hardship to the assessee, it may, by order, for reasons to be recorded in writing, relax the requirements of that provision in a manner not inconsistent with the provisions of the Act.

**DIVISION 15**

**REDUCTION OR WAIVER OF  
INTEREST UNDER SECTION  
234A/234B/234C**



# **WAIVER OR REDUCTION OF INTEREST**

## **ORDER OF 2006**

In exercise of the powers conferred under clause (a) of sub-section (2) of section 119 of Income-tax Act, 1961, Central Board of Direct Taxes, hereby directs that the Chief Commissioner of Income-tax and Director General of Income-tax may reduce or waive interest charged under section 234A or section 234B or section 234C of the Act in the classes of cases or classes of income specified in paragraph 2 of this Order for the period and to the extent the Chief Commissioner of Income-tax/Director General of Income-tax may deem fit. However, no reduction or waiver of such interest shall be ordered unless the assessee has filed the return of income for the relevant assessment year and paid the entire income-tax (principal component of demand) due on the income as assessed. The Chief Commissioner of Income-tax or Director General of Income-tax may also impose any other conditions as deemed fit for the said reduction or waiver of interest.

**2. The class of incomes or class of cases in which the reduction or waiver of interest under section 234A or section 234B or, as the case may be, section 234C can be considered, are as follows :**

- (a) Where during the course of proceedings for search and seizure under section 132 of the Income-tax Act, or otherwise, the books of account and other incriminating documents have been seized, and the assessee has been unable to furnish the return of income for the previous year, during which the action under section 132 has taken place, within the time specified in this behalf, and the Chief Commissioner/Director General is satisfied, having regard to the facts and circumstances of the case, that the delay in furnishing such return of income cannot reasonably be attributed to the assessee.
- (b) Any income chargeable to income-tax under any head of income, other than "Capital gains" is received or accrued after due date of payment of the first or subsequent instalments of advance tax which was neither anticipated nor was in the contemplation of the assessee, and the advance tax on such income is paid in the remaining instalment or instalments, and the Chief Commissioner/Director General is satisfied on the facts and circumstances of the case that

this is a fit case for reduction or waiver of the interest chargeable under section 234C of the Income-tax Act.

- (c) Where any income was not chargeable to income-tax in the case of an assessee on the basis of any order passed by the High Court within whose jurisdiction he is assessable to income-tax, and as result, he did not pay income-tax in relation to such income in any previous year, and subsequently, in consequence of any retrospective amendment of law or the decision of the Supreme Court of India, or as the case may be, a decision of a Larger Bench of the jurisdictional High Court (which was not challenged before the Supreme Court and has become final), in any assessment or reassessment proceedings the advance tax paid by the assessee during such financial year is found to be less than the amount of advance tax payable on his current income, and the assessee is chargeable to interest under section 234B or section 234C, and the Chief Commissioner/Director General is satisfied that this is a fit case for reduction or waiver of such interest.
- (d) Where a return of income could not be filed by the assessee due to unavoidable circumstances and such return of income is filed voluntarily by the assessee or his legal heirs without detection by the Assessing Officer.

3. The class of cases referred to in paragraphs 2(a) and 2(d) are specified only for the purposes of waiver of interest charged under section 234A of the Income-tax Act.

4. Earlier Orders under section 119(2)(a) dated 23-5-1996 and 30-1-1997 on the subject stand superseded by this Order. If any petition in the past has been rejected because the Board had not issued this direction earlier, such petition may be reconsidered and decided in accordance with this Order. If any petition in the past was allowed in accordance with the Orders under section 119(2)(a) dated 23-5-1996 and 30-1-1997, such Orders allowing waiver should not be reopened/revised as per the guidelines contained in this Order.

**Order : [F.No. 400/129/2002-IT(B)], dated 26-6-2006.**

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**ORDER OF 1994**

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In exercise of the powers conferred under clause (a) of sub-section (2) of section 119 of the Income-tax Act, 1961, the Central Board of Direct Taxes hereby direct that in cases where any income accrues or arises for any previous year due to the operation of any order of a Court, statutory authority or of the Government (other than an order of assessment, appeal, reference or revision passed under the provisions of the Income-tax Act, 1961) passed after the close of the said previous year (such income and the order hereinafter referred to as the "relevant income" and the "relevant order" respectively) interest under sections 234A, 234B and 234C shall be reduced or waived by the Chief Commissioner of Income-tax/Director-General of Income-tax subject to the conditions, for the period and to the extent mentioned hereunder, namely :—

*(i) Conditions*

- (a) the relevant income is disclosed in a return of income furnished for the said previous year or is otherwise disclosed to the Assessing Officer; and
- (b) the tax attributable to such income has been paid;

*(ii) Period*

- (a) in respect of interest under section 234A from the date immediately following the due date for furnishing the return of income for the relevant assessment year till the end of the month in which the relevant order giving rise to the relevant income is passed;
- (b) in respect of the interest under section 234B, from the first day of April of the relevant assessment year till the end of the month in which the relevant order giving rise to the relevant income is passed;
- (c) in respect of interest under section 234C, for the period mentioned in that section;

*(iii) Extent of interest to be reduced or waived*

The quantum of interest to be reduced or waived shall be the difference between :

- (a) the interest computed for the period mentioned at (ii) above with reference to the tax on the total income inclusive of the relevant income; and
- (b) the interest computed for the same period with reference to the tax on the total income as reduced by the relevant income.

2. Waiver or reduction under this order shall be allowed with reference to the relevant orders passed on or after the 1st day of April, 1989.

**Notification : [F. No. 212/495/92-IT(A-II)], dated 2-5-1994.**

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**ORDER OF 1996**

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In exercise of the powers conferred under clause (a) of sub-section (2) of section 119 of the Income-tax Act, 1961, the Central Board of Direct Taxes hereby direct that the Chief Commissioner of Income-tax and Director-General of Income-tax may reduce or waive interest charged under section 234A or section 234B or section 234C of the Act in the classes of cases or classes of income specified in paragraph 2 of this order for the period and to the extent the Chief Commissioner of Income-tax/Director-General of Income-tax deem fit. However, no reduction or waiver of such interest shall be ordered unless the assessee has filed the return of income for the relevant assessment year and paid the entire tax due on the income as assessed except the amount of interest for which reduction or waiver has been requested for. The Chief Commissioner of Income-tax or the Director-General of Income-tax may also impose any other conditions deemed fit for the said reduction or waiver of interest.

2. The class of incomes or class of cases in which the reduction or waiver of interest under section 234A or section 234B or, as the case may be, section 234C can be considered, are as follows :

- (a) Where during the course of proceedings for search and seizure under section 132 of the Income-tax Act, or otherwise, the books of account and other incriminating documents have been seized and for reasons beyond the control of the assessee, he has been unable to furnish the return of income for the previous year during which the action under section 132 has taken place, within the time specified in this behalf and the Chief Commissioner or, as the case may be, Director-General is satisfied having regard to the facts and circumstances of the case that the delay in furnishing such return of income cannot reasonably be attributed to the assessee.
- (b) Where during the course of search and seizure operation under section 132 of the Income-tax Act, cash is seized which is not allowed to be utilised for payment of advance tax instalment or instalments as they fall due after the seizure of cash and the assessee has not paid fully or partly advance tax on the current income and the Chief Commissioner or the Director-General is satisfied that the assessee is unable to pay the advance tax.
- (c) Where any income chargeable to income-tax under any head of income, other than "Capital gains" is received or accrues after the due date of payment of the first or subsequent instalments of advance tax which was neither anticipated nor was in the contemplation of the assessee and the advance tax on such income is paid in the remaining instalment or instalments and the Chief Commissioner or Director-General is satisfied on the facts and circumstances of the case that this is a fit case for reduction or waiver of interest chargeable under section 234C of the Income-tax Act.
- (d) Where any income which was not chargeable to income-tax on the basis of any order passed in the case of an assessee by the High Court within whose jurisdiction he is assessable to income-tax, and as a result, he did not pay income-tax in relation to such income in any previous year and subsequently, in consequence of any retrospective amendment of law or, as the case may be, the decision of the Supreme Court in his own case, which event has taken place after the end of any such previous year, in any assessment or reassessment proceedings the advance tax paid by the assessee during the financial year immediately preceding the relevant assessment year is found to be less than the amount of advance tax payable on his current income, the assessee is chargeable to interest under section 234B or section 234C and the Chief Commissioner or Director-General is satisfied that this is a fit case for reduction or waiver of such interest.

\*Where income of assessee was reassessed and interest was charged by treating assessee as an AOP by following judgment of High Court, assessee could not claim benefit of clause 2(d) of Instruction dated 23-5-1996 and seek waiver of interest - *P.G. Mari v. Chief CIT* [2013] 31 taxmann.com 47 (Ker ).



- \*(e) Where a return of income could not be filed by the assessee due to unavoidable circumstances and such return of income is filed voluntarily by the assessee or his legal heirs without detection by the Assessing Officer.

3. The Chief Commissioner of Income-tax/Director-General of Income-tax may order the waiver or reduction of interest under sections 234A, 234B and 234C under this order with reference to the assessment year 1989-90 or any subsequent assessment year but shall not so reduce or waive penal interest in those cases where waiver or reduction of such interest has been rejected in the past on the merits of the case. If any petition in the past has been rejected because the Board had not issued this direction earlier, these may be reconsidered and decided in accordance with this order.

**Order : [F. No. 400/234/95-IT(B)], dated 23-5-1996.**

**CLARIFICATION ONE**

**Reduction or waiver of interest charged under section 234A/234B/234C - Modification in Order F. No. 400/234/95-IT(B), dated 23-5-1996**

The Board has issued an order *vide* F.No. 400/234/95-IT(B), dated 23rd May, 1996, indicating the class of income or class of cases in which reduction or waiver of interest under section 234A, 234B or 234C as the case may be could be considered by Chief Commissioner of Income-tax and Director General of Income-tax. Clause "d" of para 2 of the said order read as under :

"Where any income which was not chargeable to income-tax on the basis of any order passed in the case of an assessee by the High Court within whose jurisdiction he is assessable to income-tax, and as a result, he did not pay income-tax in relation to such income in any previous year and subsequently, in consequence of any retrospective amendment of law or as the case may be, the decision of the Supreme Court, in his own case, which event has taken place after the end of any such previous year, in any assessment or re-assessment proceedings the advance tax paid by the assessee during the financial year immediately preceding the relevant assessment year is found to be less than the amount of advance tax payable on his current income, the assessee is chargeable to interest under section 234B or section 234C and the Chief Commissioner or Director General is satisfied that this is a fit case for reduction or waiver of such interest."

2. In partial modification of this para of the Order, the Central Board of Direct Taxes has decided that there shall be no condition that the decision of the High Court or the Supreme Court, as referred to therein, must be given in the assessee's own case. Also the condition that any retrospective amendment of law or the decision of the Supreme Court or the jurisdictional High Court must have been made after the end of the relevant year stands withdrawn.

\*Clause (e) of para 2 Circular/Order dated 23-5-1996 which confers power of waiver on Commissioner, is applicable to waiver of interest not only under section 234A but also waiver of interest under section 234B or section 234C - *Bharuben Panchal and Chandrikaben Panchal v. Chief CIT* [2004] 136 Taxman 237/269 ITR 27 (Guj.).

3. If any petition in the past has been rejected because the Board had not issued this modification, the same may be reconsidered and decided in accordance with this modification read with the order dated 23rd May, 1996.

**Order : [F. No. 400/234/95-IT(B)], dated 30-1-1997.**

*CLARIFICATION TWO*

Prior to 1989, taxpayers who had failed to furnish the return of income within the specified time-limit or had paid inadequate or not paid advance tax within the stipulated time-limit were charged penal interest for such defaults and also subjected to penalty proceedings. The Direct Tax Laws (Amendment) Act, 1987 inserted new sections 234A, 234B and 234C in the Income-tax Act from assessment year 1989-90 to provide for penal interest at higher rates for the defaults in late furnishing of the return of income, defaults in payment of advance tax and for deferment of advance tax respectively and omitted separate penalty provisions for these defaults. The interest payable under these sections was mandatory and there was no provision for reduction or waiver of the penal interest, as was provided specifically in this behalf prior to 1989. As a result, several taxpayers faced unintended hardships in certain circumstances.

2. The Central Board of Direct Taxes, in exercise of powers, specified in section 119(2)(a) has decided to authorise Chief Commissioners and Directors-General (Investigation) to reduce or waive penal interest charged under the aforesaid sections in the following circumstances, namely:—

- (i) where, in the course of search and seizure operation, books of account have been taken over by the Department and were not available to the taxpayer to prepare his return of income;
- (ii) where, in the course of search and seizure operation, cash had been seized which was not permitted to be adjusted against arrears of tax or payment of advance tax instalments falling due after the date of the search;
- (iii) any income other than "Capital gains" which was received or accrued after the date of first or subsequent instalment of advance tax, which was neither anticipated nor contemplated by the taxpayers and on which advance tax was paid by the taxpayer after the receipt of such income;
- (iv) where, as a result of any retrospective amendment of law or the decision of the Supreme Court after the end of the relevant previous year, certain receipts which were hitherto treated as exempt, become taxable. Since no advance tax would normally be paid in respect of such receipts during the relevant financial year, penal interest is levied for the default in payment of advance tax;
- (v) where return of income is filed voluntarily without detection by the Income-tax Department and due to circumstances beyond control of the taxpayer such return of income was not filed within the stipulated time-limit or advance tax was not paid at the relevant time.

3. The Chief Commissioners and Directors-General are being authorised to reduce or waive penal interest under sections 234A, 234B and 234C with reference to assessment year 1989-90 and any subsequent assessment year subject to certain specified conditions. This is a major step taken by the Central Board of Direct Taxes to mitigate the hardships in deserving cases.

**Press Note : Dated 21-5-1996.**

### JUDICIAL ANALYSIS

#### **Instruction F. No. 400/29/2002-IT(B), dated 26-6-2006**

■ An assessee is not entitled for waiver of interest under sections 234B and 234C under CBDT's Order F. No. 400/29/2002-IT(B), dated 26-6-2006 - *De Souza Hotels (P.) Ltd. v. Chief Commissioner of Income-tax* [2012] 20 taxmann.com 343/207 Taxman 84 (Bom.). [SLP Dismissed]

#### **Instruction F. No. 400/234/95-IT(B), dated 23-5-1996**

■ In terms of Board's Order under section 119(2)(a) in F. No. 400/234/95-IT(B), waiver of interest can be considered only if return of income is filed voluntarily without detection by Assessing Officer - *K.G. Prasad v. Chief CIT* [2004] 134 Taxman 51 (Kar.).

■ Benefit of reduction/waiver of interest under Instruction No. 400/234/95-IT(B), dated 23-5-1996 could not be denied simply because the books of account had been seized after the last date for filing the returns - *Paras Bansilal Patel v. B. M. Jindel (Chief CIT)* [2004] 135 Taxman 125 (Guj.).

■ Chief Commissioner, while considering question of waiver of interest under section 234A/234B/234C has to confine himself within four corners of conditions specified in CBDT Notification F. No. 400/234/95-IT and cannot travel beyond it; question of financial hardship and difficulty in paying amount of interest under sections 234A, 234B and 234C is misconceived as it does not find mention in CBDT's notification empowering Chief Commissioner to exercise such a power - *Ashwani Dhingra v. Chief CIT* [2005] 142 Taxman 241 (All.).

■ Clause (e) of para 2 of Circular/Order dated 23-5-1996 which confers power of waiver on Commissioner, is applicable to waiver of interest not only under section 234A but also waiver of interest under section 234B or section 234C - *Bhanuben Panchal and Chandrikaben Panchal v. Chief CIT* [2004] 136 Taxman 237 (Guj.).

■ Circular of the CBDT, dated 23-5-1996, had been issued for the purpose of waiver of interest leviable under sections 234A, 234B and 234C. This Circular was issued by the CBDT in exercise of its jurisdiction granted under section 119(2) under which it was specifically empowered to relax the provisions of sections 234A, 234B and 234C. On the other hand, section 158BFA had come on the statute book with effect from 1-1-1997, and, as such, the Circular, being prior in time, cannot possibly govern the interest leviable under this section. - *New Punjab Skin Co. v. Union of India* [2000] 110 Taxman 431 (Punj. & Har.).

■ From instructions which were issued by Board in order No. F. 400/234/95-IT (B), dated 21-5-1996, it is amply clear that intention of the tax authorities are such that the interest should not be levied where any amendment came with retrospective effect. - *Priyanka Overseas Ltd. v. Dy. CIT* [2001] 79 ITD 353 (Delhi - Trib.).

■ Waiver of interest under Instruction dated 23-5-1996 can be granted only if assessee is covered by prescribed circumstances [Assessment years 1998-99 to 2000-01] - *Smt. Gills Benny v. Chief CIT* [2012] 28 taxmann.com 74 (Ker.).

■ Where income of assessee was reassessed and interest was charged by treating assessee as on AOP by following judgment of High Court, assessee could not claim benefit of clause 2(d) of Notification dated 23-5-1996 and seek waiver of interest - *P.G. Mani v. Chief CIT* [2013] 31 taxmann.com 47/214 Taxman 34 (Mag.) (Ker.).

**Instruction F. No. 400/234/95-IT(B), dated 30-1-1997.**

■ Where, as per paragraph 2(c) of Order F. No. 400/234/95, IT(B), dated 30-1-1997, income of an assessee, was not chargeable to income-tax on basis of any order passed by High Court within whose jurisdiction he is assessable to income-tax and as a result assessee did not pay tax in relation to such income in any previous years and by a decision of Supreme Court, advance tax paid by an assessee was found to be less than amount of advance tax payable on current income, Chief Commissioner/Director General would be justified in holding that it was a fit case for waiver of interest under section 234B or 234C. Further it would be incongruous to hold that paragraph 2(c) would apply not only to cases of orders passed by Jurisdictional High Court but also to decision of any other High Court as under law of precedents judgments of other High Courts are persuasive. - *UB Global Corporation Ltd. v. Chief CIT* [2013] 35 taxmann.com 336 (Kar.).

#### CLARIFICATION THREE

**Clarification regarding waiver of interest claimed on the basis of Press Note dated 21-5-1996**

1. The Board by an order [*vide* F.No. 400/234/95-IT(B)], dated 23-5-1996, indicated the class of income or class of cases in which reduction or waiver of interest under sections 234A, 234B and 234C would be considered by the Chief Commissioner of Income-tax and Director General of Income-tax. Prior to the issue of the order a Press Note was released on 21-5-1996 with a view to give wide publicity to the major step contemplated by the Board towards mitigating hardship in genuine cases.

2. However, the instances have come to the notice of the Board where certain claims have been made on the basis of para 2(v) of the Press Note seeking waiver of interest for non-payment of advance tax. Para 2(e) of order dated 23-5-1996 contains no such stipulation. *It is hereby clarified the making any claim for waiver of interest based on the Press Note dated 21-5-1996 is not sustainable.* A Press Note is basically intended to give a broad idea in advance to the public at large regarding a policy/step under formulation. To treat a Press Note as a final legal document and to make any claim on the basis of it as against the contents of the final document is not maintainable.

3. The Board hereby reiterates that *all requests for waiver of interest are to be considered by the Chief Commissioner of Income-tax and the Director-General of Income-tax within the parameters laid down by Board's order dated 23-5-1996 read with the order dated 30-1-1997.*

**Circular : No. 783, dated 18-11-1999.**

**DIVISION 16**

**DELAY IN FILING REFUND  
CLAIM**



# **CONDONATION OF DELAY IN FILING REFUND CLAIM AND CLAIM OF CARRY FORWARD OF LOSSES UNDER SECTION 119(2)(b) OF THE INCOME-TAX ACT**

**CIRCULAR NO. 9/2015, DATED 9-6-2015**

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In supersession of all earlier Instructions/Circulars/Guidelines issued by the Central Board of Direct Taxes (the Board) from time to time (**Annex**) to deal with the applications for condonation of delay in filing returns claiming refund and returns claiming carry forward of loss and set-off thereof under section 119(2) (b) of the Income-tax Act (the Act), the present Circular is being issued containing comprehensive guidelines on the conditions for condonation and the procedure to be followed for deciding such matters.

2. The Principal Commissioners of Income-tax/Commissioners of Income-tax (Pr.CsIT/CsIT) shall be vested with the powers of acceptance/rejection of such applications/claims if the amount of such claims is not more than Rs.10 lakhs for any one assessment year. The Principal Chief Commissioners of Income-tax/Chief Commissioners of Income-tax (Pr.CCsIT/CCsIT) shall be vested with the powers of acceptance/rejection of such applications/claims if the amount of such claims exceeds Rs.10 lakhs but is not more than Rs. 50 lakhs for any one assessment year. The applications/claims for amount exceeding Rs.50 lakhs shall be considered by the Board.

3. No condonation application for claim of refund/loss shall be entertained beyond six years from the end of the assessment year for which such application/claim is made. This limit of six years shall be applicable to all authorities having powers to condone the delay as per the above prescribed monetary limits, including the Board. A condonation application should be disposed of within six months from the end of the month in which the application is received by the competent authority, as far as possible.

4. In a case where refund claim has arisen consequent to a Court order, the period for which any such proceedings were pending before any Court of Law shall be ignored while calculating the said period of six years, provided such condonation application is filed within six months from the end of the month in which the Court order was issued or the end of financial year whichever is later.

5. The powers of acceptance/rejection of the application within the monetary limits delegated to the Pr.CCsIT/CCsIT/Pr.CsIT/CsIT in case of such claims will be subject to following conditions:

- i At the time of considering the case under section 119(2)(b), it shall be ensured that the income/loss declared and/or refund claimed

is correct and genuine and also that the case is of genuine hardship on merits.

- ii.* The Pr.CCIT/CCIT/Pr.CIT/CIT dealing with the case shall be empowered to direct the jurisdictional assessing officer to make necessary inquiries or scrutinize the case in accordance with the provisions of the Act to ascertain the correctness of the claim.

**6.** A belated application for supplementary claim of refund (claim of additional amount of refund after completion of assessment for the same year) can be admitted for condonation provided other conditions as referred above are fulfilled. The powers of acceptance/rejection within the monetary limits delegated to the Pr.CCsIT/CCsIT/Pr.CsIT/CsIT in case of returns claiming refund and supplementary claim of refund would be subject to the following further conditions:

- i.* The income of the assessee is not assessable in the hands of any other person under any of the provisions of the Act.
- ii.* No interest will be admissible on belated claim of refunds.
- iii.* The refund has arisen as a result of excess tax deducted/collected at source and/or excess advance tax payment and/or excess payment of self-assessment tax as per the provisions of the Act.

**7.** In the case of an applicant who has made investment in 8% Savings (Taxable) Bonds, 2003 issued by Government of India opting for scheme of cumulative interest on maturity but has accounted interest earned on mercantile basis and the intermediary bank at the time of maturity has deducted tax at source on the entire amount of interest paid without apportioning the accrued interest/TDS, over various financial years involved, the time limit of six years for making such refund claims will not be applicable.

**8.** This circular will cover all such applications/claims for condonation of delay under section 119(2)(b) which are pending as on the date of issue of the Circular.

**9.** The Board reserves the power to examine any grievance arising out of an order passed or not passed by the authorities mentioned in para 2 above and issue suitable directions to them for proper implementation of this Circular. However, no review of or appeal against the orders of such authorities would be entertained by the Board.



**INSTRUCTIONS TO SUBORDINATE AUTHORITIES - AUTHORISATION  
REGARDING CONDONATION OF DELAY IN FILING REFUND CLAIM\***

**EARLIER INSTRUCTIONS**

**1**

**ORDER [F. NO. 225/208/93-IT(A-II)], DATED 26-10-1993**

**Section 119(2)(b) of the Income-tax Act, 1961 - Central Board of Direct Taxes - Instructions to subordinate authorities - Authorisation regarding condonation of delay in filing refund claim**

1. I am directed to enclose a copy of the order under section 119(2)(b) from file of even number dated 12-10-1993 (*see Annex One*) and also the Circular No. 670 (*Annex Three*) of even date from the same file.
2. In this context, I have been directed to draw your attention to Instruction No. 1867, dated 30-11-1990 (*see Annex Two*) and to inform you that paras 2, 3 and 4 of the said Instruction shall continue to be applicable. The Chief Commissioner/Director General/Commissioner of Income-tax/Director of Income-tax should not only see that the conditions laid down by the various Circulars of the Board are satisfied, but should also look further into the facts of the case and examine other aspects such as the source of income, whether the income returned is reasonable considering the extent of profits disclosed, whether books of account had been maintained and whether there was any manipulation of accounts in the course of the delayed filing of the claim of refund, etc., for deciding the genuineness of the claims.
3. The powers delegated under section 119(2)(b) should be invoked only in suitable cases after scrutiny as suggested above and the claim should not be disposed of in a routine manner.

**ANNEX ONE**

**ORDER [F. NO. 225/208/93-IT(A-II)], DATED 12-10-1993**

1. In continuation of earlier orders dated 5-2-1988 and 17-8-1988 issued from F. No. 225/201/87-IT(A-II), the Central Board of Direct Taxes, in exercise of the powers conferred by clause (b) of sub-section (2) of section 119 of the Income-tax Act, 1961, hereby order that, in all cases where an otherwise valid refund claim under section 237 of the Income-tax Act, 1961, is filed by an assessee after the expiry of the statutory time limit prescribed under section 239 of the Act, the Assessing Officer, having jurisdiction over the case, may admit the said refund claim and dispose of the same on merits and in accordance with law provided the following conditions are satisfied :

\*Board is fully competent to admit an application for refund even after expiry of period prescribed under section 239 - *Jaswant Singh Bambha v. CBDT* [2005] 142 Taxman 528 (P&H) (FB) [Overruling *Niranjan Dass v. CBDT* [2004] 135 Taxman 422 (P&H)].

- (i) the refund arises as a result of excess tax deducted at source, collected at source and payments of advance tax under the provisions of Chapters XVII-B, XVII-BB and XVII-C respectively and the amount of refund does not exceed Rs. 1 lakh for any assessment year;
- (ii) the returned income is not a loss where the assessee claims the benefit of carry forward of the loss;
- (iii) the refund claimed is not supplementary in nature, i.e., claim for additional amount of refund after the completion of the original assessment for the same assessment year; and
- (iv) the income of the assessee is not assessable in the hands of any other person under any of the provisions of the Act.

This order will be effective from 1-11-1993.

#### ANNEX TWO

#### INSTRUCTION NO. 1867, DATED 30-11-1990

1. Reference is invited to the earlier instructions/circulars issued by the Board regarding condonation of delays in claiming refunds, etc., by invoking the provisions of section 119(2)(b) of the Income-tax Act, specifically the following:

- (i) Instruction No. 1795, dated 17th August, 1988 and Letter No. 225/263/88-IT(A-II), dated 23rd January, 1989 stating that the Assessing Officer shall, before entertaining a belated refund claim, obtain the prior approval of the Commissioner of Income-tax where the refund claim does not exceed Rs. 1,000 and of the Chief Commissioner of Income-tax/Director General of Income-tax where the refund exceeds Rs. 1,000 but does not exceed Rs. 10,000; and
- (ii) Order No. 225/201/87-IT(A-II), dated 5-12-1988 clarifying that the Board has delegated the power to condone the delay in case the refund does not exceed Rs. 10,000, provided the Chief Commissioner of Income-tax/Director General of Income-tax or the Commissioner of Income-tax as the case may be, is satisfied that the conditions laid down in the various instructions/circulars on the subject are satisfied. However, such delegation was restricted to condonation of delay and not rejection thereof.

2. Some Chief Commissioners have recommended the cases of contractors and other persons engaged in business, who had made applications under section 119(2)(b) of the Income-tax Act for the purpose of claiming refunds of income-tax deducted at source from contract receipts, etc., for rejection as they were not satisfied that the income returned by the said persons was full and true or even reasonable considering the extent of profit disclosed. It was also noticed that such persons were not maintaining any books of account and, therefore, the possibility of purposely delaying the filing of the returns so as to avoid scrutiny by the Department could not be ruled out. Needless to say that such cases were not found to be of genuine hardship.

3. The Board has been accepting such recommendations as it would be against public policy to condone such delays thereby giving an extended time to such assesseees to manipulate their accounts so as to evade taxes.

4. The Board now desire that the Chief Commissioners/Directors General/Commissioners should not only see that the conditions laid down by the various Board's circulars are satisfied, but also look further into the facts of the case and examine the source of income, whether the income has been reflected in other years or not whether there is any scope for manipulation of accounts due to the delay in filing the claim of refund, etc., before applying the provision of section 119(2)(b) of the Income-tax Act. It is desired that only genuine cases should be considered for the purpose of applying the

provisions of section 119(2)(b) of the Act and the applications should not be disposed of in a routine manner.

### ANNEX THREE

#### CIRCULAR NO. 670, DATED 26-10-1993

1. I am directed to forward herewith the order contained in F. No. 225/208/93-IT(A-II), dated 12th October, 1993, passed by the CBDT in exercise of the powers conferred on it under section 119(2)(b) of the Income-tax Act. By virtue of this order the Assessing Officers can admit belated refund claims under section 237 of the Income-tax Act in cases where refunds may arise as a result of tax deducted/collected at source and advance tax payments where the amount of such refund does not exceed Rs. 1 lakh for any assessment year.
2. Board have also decided that in such cases—
  - (i) where the refund does not exceed Rs. 10,000 for any assessment year the Assessing Officer shall obtain the prior approval of the CIT before entertaining a belated refund claim; and
  - (ii) where the refund exceeds Rs. 10,000 but does not exceed Rs. 1,00,000 for any assessment year the Assessing Officer shall obtain the prior approval of CCIT or DGIT before entertaining a belated refund claim.
3. The CCIT/DGIT/CIT, as the case may be, shall ensure that the conditions laid down under Board's order under section 119(2)(b) referred to above are fulfilled.
4. Where a Chief Commissioner of Income-tax/Director General of Income-tax/Commissioner of Income-tax/Director of Income-tax finds that the four conditions laid down in the order under section 119(2)(b), dated 12-10-1993 are satisfied but still it is not a case of "genuine hardship", he should refer the belated refund application to the Board for final decision.
5. This order is effective from 1-11-1993 and will apply to all claims of refund pending as on that date and also in respect of all refund claims filed on or after that date.

#### CLARIFICATION

1. The procedure for dealing with the applications for condonation of delay in filing returns and claiming refund is presently governed by the Board's earlier orders/circulars issued under section 119(2)(b) of the Income-tax Act, 1961, namely, F. No. 225/208/93-ITA-II, dated 12-10-1993 read with Board's Circular No. 670, dated 26-10-1993 issued from F. No. 225/208/93-ITA-II and also Circular No. 8/2001, dated 16-5-2001 issued from F. No. 212/35/99-ITA-II. As per the existing procedure laid down by the aforesaid orders/circulars, the powers of condonation of delay are exercisable by the Commissioners of Income-tax if the claim is below Rs. 10,000, and by the Chief Commissioners of Income-tax if it is above Rs. 10,000 and up to Rs. 1,00,000. In respect of cases where amount involved is more than Rs. 1,00,000, the applications/requests are dealt with and decided by the Board in accordance with the powers vested in the Board.
2. The matter regarding delegation of powers for acceptance/rejection of applications, requests for condonation of delay under section 119(2)(b) of the Income-tax Act, 1961 has been receiving the attention of the Board. In modification of the aforesaid orders/circulars, the Board has decided to vest the CCIT with the powers of acceptance/rejection of such applications requests involving refund claims up to Rs. 5,00,000, and the decision of the CCIT would be final. The CIT will have the powers of acceptance/rejection in cases involving refund claims up to Rs. 1,00,000. However, cases involving refund claims exceeding Rs. 5,00,000 would continue to be processed by the Central Board of Direct Taxes, both for acceptance and rejection.

3. It has also been decided that cases where delayed claims of refunds are being considered would be taken up for scrutiny.

4. The powers of acceptance/rejection within the monetary limits delegated to the CCIT as above would be subject to the following conditions :

- (i) the refund has arisen as a result of excess tax deducted/collected at source and payments of advance tax under the provisions of Chapters XVIIIB, XVIIIBB and XVIIIC, respectively and the amount of refund does not exceed Rs. 5,00,000 for any one assessment year;
- (ii) the income of the assessee is not assessable in the hands of any other person under any of the provisions of the Act;
- (iii) no interest will be admissible on the belated refund claims;
- (iv) if the refund arises from the return of income filed for the first time, then the CCIT will be empowered to direct the Assessing Officer to make a regular assessment under section 143(3) and then issue the refund, if any;
- (v) no claims under this provision will be entertained where a period of more than 6 assessment years prior to the current assessment year has elapsed;
- (vi) these instructions will cover the requests for condonation of delay under section 119(2)(b) where such requests have been filed in the Board, or have been forwarded to the Board by CCIT/DGIT.

These instructions would, however, not cover cases prior to assessment year 1996-97.

**Instruction : No. 12/2003, dated 30-10-2003.**

**2**

**CIRCULAR NO. 8/2001, DATED 16-5-2001**

1. The Board's order under section 119(2)(b), dated 12th October, 1993 and Circular No. 670, dated 26th October, 1993 [F. No. 225/208/93/IT(A-II)] lay down procedure for condonation of delay in belated claims of refunds. These provide that CIT has power to condone delay in case of genuine hardship of refund claims up to Rs. 10,000 and CCIT up to Rs. 1,00,000. The power of condonation in cases of refund claims of more than Rs. 1,00,000 as well as power of rejection in all cases lie with the Board.

2. Under the existing circular, apart from the conditions prescribed under earlier orders dated 5-2-1988 and 17-8-1988, issued from [F. No. 225/201/87/IT(A-II)], the following additional conditions are required to be fulfilled before the condonation of delay in filing belated refund claims can be considered:

- (i) the refund arises as a result of excess tax deducted at source, collected at source and payments of advance tax under the provisions of Chapters XVII-B, XVII-BB and XVII-C, respectively and the amount of refund does not exceed Rs. 1 lakh for any assessment year;
- (ii) the returned income is not a loss where the assessee claims the benefit of carry forward of the loss;
- (iii) the refund claimed is not supplementary in nature, i.e., claim for additional amount of refund is made after the completion of the original assessment for the same assessment year; and
- (iv) the income of the assessee is not assessable in the hands of any other person under any of the provisions of the Act.

3. Subsequently the Karnataka High Court in the case of *Associated Electro Ceramics v. Chairman, CBDT* [1993] 201 ITR 501 held that the Board have power to condone

the delay in cases having claim of carry forward of losses. The department did not file special leave petition against this order. Subsequently the matter was taken up with the Ministry of Law who also agreed with the view that the Board have power to condone the delay in filing the return under section 119(2)(b) of the Income tax Act, 1961, in a case having claim of carry forward of losses.

4. Hence, conditions at Serial No. (i) of order under section 119(2)(b), dated 12th October, 1993 stipulating that the delay cannot be condoned in cases where returned income is a loss and assessee claims benefit of carry forward of the loss, is not legally tenable.

5. In view of above, the board, hereby, clarify that delay in making refund claim as well as claim of carry forward of losses, both, can be condoned in cases where returned income is a loss, provided other conditions are satisfied. The monetary limits prescribed for condonation of delay in making refund claims, by different IT authorities, will apply to condonation of delay in cases of claim of carry forward of losses as well.

3

### CIRCULAR NO. 773, DATED 15-2-1999

#### Modification of procedure regarding discharge by payee in case of Income-tax refund orders

1. At present the payee is required to put his signature in the space provided for "Claimants signature" on the reverse of the refund order. The responsibility of the collecting bank in dealing with "account payee" instruments is well-defined under the Negotiable Instruments Act. No specific purpose is served by obtaining this additional discharge on the reverse of this cheque. On the other hand, it sometimes happens that in the absence of the discharge of the payee, the refund order is returned unpaid, entailing additional workload on the part of the banks.

2. The Board has, therefore, decided to do away with the discharge of the payee on the reverse of the account payee Income-tax Refund Order as it does not serve any specific purpose. This relaxation will be applicable only where the Income-tax Refund Orders are issued in the form of a cheque after introduction of the Magnetic Ink Character Recognition (MICR) Technology for mechanised processing of cheques for clearance (which is presently prevalent in the four metropolitan cities of Calcutta, Chennai, Delhi and Mumbai). However, in cases where Refund Orders are issued in the old conventional form, the prevailing system of discharge of payee will continue.

4

### INSTRUCTION NO. 15/2003, DATED 6-11-2003

#### Procedure for Issue of Income-tax Refund Orders simplified

1. Reference is invited to the following Circulars/Instructions issued by DOMS from time to time wherein the procedure for issue of Refund Orders was detailed:

1. DOMS Circular No. 39, dated 15-7-1980
2. DOMS Circular No. 54, dated 16-12-1987
3. DOMS Instruction No. 58, dated 8-2-1988

2. With a view to improve taxpayer services, the Board have decided to simplify the procedure for issue of refunds by discontinuing the system of sending advice Note to the Bank separately in cases of refunds up to Rs. 9,999. In present procedure for issue of refunds up to Rs. 999 has been extended to refunds up to Rs. 9,999. Further,

there would be no separate refund books for refunds up to Rs. 9,999 and refunds of Rs. 10,000 and above. The revised Refund Book in 1+3 form will be used for all refunds irrespective of the monetary limits.

### **3A. Procedure for issue of Refunds up to Rs. 9,999 (MICR)**

The procedure for issue of refunds up to Rs. 9,999 is identical to the existing procedure for issue of refunds up to Rs. 999. The same is reiterated below:

The revised Refund Order Book consists of four foils (i) Refund Order (ii) Advice of Refund (iii) Advice of Refund and (iv) Counterfoil of Refund Order and Advice. The "Refund Order" and "Advice of Refund" i.e., two foils will be sent by the Issuing Officer to the assessee who will present both foils to the Bank for encashment. The third foil to the assessee will be left blank and shall remain in the Refund Order Book. The fourth foil i.e., the "Counterfoil of Refund Order and Advice" will serve as office copy.

### **B. Procedure for issue of Refunds of Rs. 10,000 and above (MICR)**

The existing procedure for issue of refunds amounting to Rs. 10,000 and above will continue without any change. The same is reiterated below :

The revised Refund Order book consists of four foils - (i) Refund Order (ii) Advice of Refund (iii) Advice of Refund and (iv) Counterfoil of Refund Order and Advice. Only the first foil, "Refund Order" will be sent to the assessee for presenting the same to the Bank for encashment. Simultaneously, two foils (second and third) of the "Advice of Refund" will be sent by the Issuing Officer directly to the Bank. Unlike in the case of Refund Order up to Rs. 9,999 mentioned in para 3A above, "Advice of Refund" (both the foils) in this case will be sent only to the Bank and not to the assessee. The fourth foil, i.e., Counterfoil of Refund Order and Advice will remain in the Refund Order Book and will serve as office copy.

### **C. Procedure for issue of refunds up to Rs. 9,999 (Non-MICR)**

The conventional Refund Order Book presently in use for non-MICR refunds has been replaced by Refund Order Book in cheque book format (similar to MICR refunds). The procedure for issue of refunds, would be the same as has been explained in Para 3A above.

### **D. Procedure for issue of Refunds of Rs. 10,000 and above (Non-MICR)**

The conventional Refund Order Book and Advice Book presently in use of non-MICR refunds has been replaced by Refund Order Book in cheque book format (similar to MICR refunds). The procedure for issue of refunds would be same as has been explained in Para 3B above. No separate Advice Book has been provided under this system.

4. In Ranges where refunds are to be prepared on Pre-printed Continuous Computer Stationery (PPCCS), the procedure for issue of refunds will be the same as explained above. However, for refunds up to Rs. 9,999, third foil, i.e., 'Advice of Refund Order' printed through computer will remain with the Assessing Officer unused, along with the fourth foil.

5. All earlier Instructions issued on this subject stand amended to the extent indicated above. The security measures and other instructions mentioned in the earlier circulars will however, continue to be followed scrupulously.

6. The revised procedure will come into force immediately. These instructions may be brought to the notice of all officers working in your Region for strict compliance.

**INSTRUCTION NO. 1/2005, DATED 18-3-2005**

Reference is invited to the following Circulars/Instructions issued by DOMS/CBDT from time to time wherein the procedure for issue of Refund Orders was detailed:—

- (i) DOMS Circular No. 39, dated 15-7-1980.
- (ii) DOMS Circular No. 54, dated 16-12-1987.
- (iii) DOMS Instruction No. 58, dated 8-2-1988.
- (iv) CBDT Instruction No. 15/2003, dated 6-11-2003.

2. With a view to improve Taxpayers Service, the Board has decided to discontinue the system of sending Advice Notes to the bank separately in cases of refunds up to Rs. 24,999. Under the new system, no Advice Note would be generated for refund orders up to an amount of Rs. 24,999. For refund orders of Rs. 25,000 and above, one Advice Note would be made, which would be sent to the Main Branch of State Bank of India. One counterfoil of the refund cheque would continue to be retained by the Assessing Officer for all refunds issued by him regardless of the amount of refund. All refunds of Rs. 25,000 and above will now be drawn on only the Main Branch of State Bank of India. The other branches in any station will handle refunds only up to Rs. 24,999.

3. The above changes in refund procedure will involve the following steps:—

- (a) Issue of fresh refund stationery for different direct taxes with cheques drawn on various branches of State Bank of India with their respective MICR codes.
- (b) Issue of new types of refunds stationery for different direct taxes :
  - (i) for refunds up to Rs. 24,999 (one refund cheque for assessee and one counterfoil to be retained by the Assessing Officer).
  - (ii) for refunds of Rs. 25,000 and above (one refund cheque for assessee, one advice note to be sent to the Main Branch of State Bank of India and one counterfoil to be retained by Assessing Officer).
- (c) Distribution of the new refund stationery to all Assessing Officers. Each Assessing Officer would receive one set of refund stationery for refunds up to Rs. 24,999 for Corporation Tax and Income-tax and another set of refund stationery for refunds of Rs. 25,000 and above for Corporation Tax and Income-tax. Similarly, separate refund stationery for wealth-tax and other direct taxes would also be distributed.
- (d) Surrender of unused old refund stationery by all Assessing Officers to DIT(RSP & PR) after the new stationery is introduced.

4. Steps in this regard have already been initiated by the Directorate of System and Directorate of RSP & PR and the new refund stationery shall be made available at all field stations before the date of switchover to the new system. Necessary steps for distribution of new refund stationery, surrender of unused old stationery and informing the Assessing Officer of the new procedure of issuing refund orders have to be taken by the Chief Commissioners/Directors General.

5. The monetary ceiling of Rs. 24,999 for issuance of refunds without an Advice Note would also apply to wealth-tax, gift-tax and all other direct taxes.

6. The instructions issued earlier on the subject may be treated as amended to the extent indicated above. The security measures and other instructions mentioned in the earlier Circulars/Instructions will however continue to be followed scrupulously.

7. The new refund procedure is proposed to be introduced with effect from 1-4-2005. However, the exact date of switchover to the new refund system will be communicated to the Board by a separate order.

**6**

**INSTRUCTION NO. 13/2006, DATED 22-12-2006**

1. The procedure for dealing with the applications for condonation of delay in filing returns and claiming refund is presently governed by the Board's earlier Orders/Circulars issued under section 119(2)(b) of the Income-tax Act, 1961, namely, F. No. 225/208/93-ITA-II, dated 12-10-1993, read with Board's Circular No. 670, dated 26-10-1993 issued from F. No. 225/208/93-ITA-II, Circular No. 8/2001, dated 16-5-2001 issued from F. No. 212/35/99-ITA-II and also Instruction No. 12/2003, dated 30-10-2003 issued from F. No. 212/338/2002-ITA-II.
2. In modification to earlier Instructions/Circulars, this Instruction vests the Chief Commissioners of Income-tax (CCsIT) with powers for acceptance/rejection of applications/claims under section 119(2)(b) for condonation of delay in filing return involving refund claims above Rs. 10,00,000 and up to Rs. 50,00,000. It also vests the Commissioners of Income-tax (CsIT) with powers of acceptance/rejection of applications/claims under section 119(2)(b) for condonation of delay in filing return involving refund claims up to Rs. 10,00,000.
3. The applications/claims under section 119(2)(b) for condonation of delay involving refund claims exceeding Rs. 50,00,000 would continue to be processed by Central Board of Direct Taxes, both for acceptance and rejection.
4. No fresh application for claim of refund will be entertained beyond six years from the end of the assessment year for which the application/claim is made.
5. The powers of acceptance/rejection within the monetary limits delegated to the CCsIT/CsIT would be subject to the following conditions:—
  - (a) The refund has arisen as a result of excess tax deducted/collected at source and payments of advance tax under the provisions of Chapters XVII-B, XVII-BB and XVII-C respectively and the amount of refund does not exceed Rs. 50,00,000 in respect of CCsIT and Rs. 10,00,000 in respect of CsIT for any one assessment year;
  - (b) The income of the assessee is not assessable in the hands of any other person under any of the provisions of the Act; and
  - (c) No interest will be admissible on the belated refund claims.
6. At the time of considering the case under the provisions of section 119(2)(b), it should be ensured that the income declared and refund claimed are correct and genuine and also that the case is of genuine hardship on merits.
7. The CCsIT/CsIT are empowered to direct the Assessing Officer to make necessary enquiries or scrutinize the case in accordance with provisions of the Income-tax Act to ascertain the correctness of the claim.
8. This instruction will also cover those applications/claims for condonation of delay under section 119(2)(b) which are pending as on the date of issue of this instruction.



**PRESS RELEASE, DATED 3-11-2006****CBDT tightens procedure for issue of refunds**

The Income Tax Department have taken action against persons involved in the recent refund scam in Delhi. The scam itself was detected by the efforts of an officer of the Department, who alerted the bank and the accused persons were detained by the bank and later arrested by the police. The accused have been further remanded on judicial custody. The matter is under investigation by the police and also by the Income Tax Department.

The Central Board of Direct Taxes (CBDT) have taken several steps from time to time to prevent fraudulent encashment of refunds. The possibility of issue of refunds through a refund banker is also being worked out. A pilot project in this regard is being launched to test its viability.

The steps recently taken to prevent fraudulent encashment of refunds, apart from guidelines issued from time to time, include—

- Introduction of issue of refunds directly to the bank account of the tax payer through the Electronic Clearance Scheme (ECS). This scheme was implemented in 13 cities in 2004, and has been further extended to 12 cities in 2006.
- Mandatory quoting of bank account details on the refund vouchers with effect from 1-1-2006.
- Cross-verification of high value refunds by the clearing bank from the issuing officer in the Income-tax Department.

Although every effort is being made by the department to prevent frauds relating to refunds, the taxpaying public is also expected to co-operate with the department. Many returns are still received without bank account details or with incomplete details. Taxpayers must quote their bank account details correctly in their tax returns so that they get their refunds quickly and safely.

**INSTRUCTION NO. 2/2012, DATED 22-2-2012****Condonation of delay in filing return of income under section 119(2)(b) in the case of applicants who have made investment in the 8% Savings (Taxable) Bonds, 2003 issued by Government of India and opted for scheme of cumulative interest**

Representations have been received regarding matters of allowance of refund on the above subject. The board has decided that the time-limit prescribed in clause (4) of CBDT Instruction No. 13/2006, dated 22-12-2006 for entertaining application under section 119(2)(b) of the Act shall not apply if :

- (i) the applicant has made investment in 8% Savings (Taxable) Bonds, 2003 issued by the Government of India opting for cumulative interest on maturity but has accounted interest earned on mercantile basis, and
- (ii) the intermediary bank at the time of maturity has made deduction of tax at source (TDS) on the entire amount of interest paid without apportioning the accrued interest/TDS for various financial year/s involved.

However, other conditions prescribed in CBDT Instruction No. 13/2006 shall continue to apply.

**DIVISION 17**

**CENTRALISED  
VERIFICATION  
SCHEME, 2019**

***Arrangement of Paragraphs***

<b>PARA</b>		<b>PAGE</b>
1.	Short title and commencement	17.3
2.	Definitions	17.3
3.	Application	17.4
4.	Issue and service of notice	17.4
5.	Response to notice	17.4
6.	Processing of information and documents	17.4
7.	No personal appearance	17.4
8.	Power to specify procedure and processes	17.5



# **CENTRALISED VERIFICATION SCHEME, 2019**

**NOTIFICATION NO. SO 550(E), DATED 30-1-2019**

*In exercise of powers conferred by sub-section (3) of section 133C of the Income-tax Act, 1961 (43 of 1961), and in supersession of the notification of the Government of India in the Ministry of Finance, Department of Revenue, (Central Board of Direct Taxes), published in the Official Gazette vide number S.O. 771(E), dated the 22nd February, 2018, except as respects things done or omitted to be done before such supersession, the Central Board of Direct Taxes hereby makes the following scheme for centralised issuance of notice and for processing of information or documents and making available the outcome of the processing to the Assessing Officer, namely:—*

## **Short title and commencement**

1. (1) This scheme may be called the Centralised Verification Scheme, 2019.
- (2) It shall come into force on the date of its publication in the Official Gazette.

## **Definitions**

2. (1) In this scheme, unless the context otherwise requires,—
  - (a) "Act" means the Income-tax Act, 1961 (43 of 1961);
  - (b) "Centre" means the Centralised Verification Centre set up for centralised issuance of notice and for processing of information or documents and making available the outcome of the processing to the Assessing Officer;
  - (c) "Director General" means the Director General of Income-tax appointed under sub-section (1) of section 117 of the Act and authorised by the Board in this behalf;
  - (d) "Principal Director General" means the Principal Director General of Income-tax appointed under sub-section (1) of section 117 of the Act and authorised by the Board in this behalf;
  - (e) "Designated Authority" means the income-tax authority authorised by the Board for the purposes of section 133C of the Act;
  - (f) "portal" means the web portal used for the purposes of this scheme.
- (2) The words and expressions used herein but not defined and defined in the Act shall have the meanings respectively assigned to them in the Act.

**Application**

3. This scheme shall be applicable to any information or documents,—

(1) in possession of the Centre; or

(2) made available to the Centre, by —

- (i) the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems);
- (ii) the Director General of Income-tax (Risk Assessment);
- (iii) the Director of Income-tax (Intelligence and Criminal Investigation);
- (iv) the Commissioner of Income-tax in charge of the Centralised Processing Centre for processing of returns;
- (v) the Commissioner of Income-tax in charge of the Centralised Processing Cell for processing of statements of tax deducted at source; or
- (vi) any other authority, body or person,

in accordance with the orders issued by the Board under section 119 of the Act.

**Issue and service of notice**

4. (1) The Centre may issue a notice to any person requiring him to furnish information or documents for the purposes of verification of the information or documents referred to in paragraph 3.

(2) The notice shall be issued under digital signature of the Designated Authority.

(3) The notice shall be served by delivering a copy by electronic mail or by placing a copy in the registered account on the portal followed by an intimation by Short Message Service.

(4) The information or documents called for under sub-paragraph (1) shall be furnished on or before the date specified in the notice.

**Response to notice**

5. The response to the notice issued under sub-paragraph (1) of paragraph 4 shall be furnished in a machine readable format, in accordance with the procedures and processes referred to in paragraph 8.

**Processing of Information and documents**

6. (1) The Centre shall process the information or documents furnished by the person in response to the notice issued under sub-paragraph (1) of paragraph 4, in accordance with the procedures and processes referred to in paragraph 8.

(2) The Centre shall make available the outcome of the processing referred to in sub-paragraph (1) to the Assessing Officer, in accordance with the orders issued by the Board under section 119 of the Act.

**No personal appearance**

7. No person shall be required to appear personally or through authorised representative before the Designated Authority at the Centre in connection with any proceedings.

**Power to specify procedure and processes**

8. The Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems) shall specify from time to time, procedures and processes in regard to the following matters, for effective functioning of the Centre, namely:—

- (a) format and procedure for issuance of the notice;
- (b) receipt of any information or document from the person in response to the notice;
- (c) mode and formats for issue of acknowledgement of the response furnished by the person;
- (d) provision of web portal facility including login facility, tracking status of verification, display of relevant details, and facility of download;
- (e) accessing, processing and verification of information and response including documents submitted during the verification process;
- (f) format and data structure for making available the outcome of verification to the Assessing Officer;
- (g) call centre to answer queries and provide support services, including outbound calls and inbound calls seeking information or clarification;
- (h) receipt, scanning, data entry, storage and retrieval of information or documents in a centralised manner;
- (i) grievance redressal mechanism in the Centre.

**DIVISION 18****FACELESS  
ASSESSMENT  
APPEAL &  
PENALTY**

	<b>PAGE</b>
◆ <b>Faceless Assessment Scheme, 2019</b>	<b>18.3</b>
◆ <b>Directions for giving effect to Faceless Assessment Scheme, 2019</b>	<b>18.23</b>
◆ <b>Faceless Appeal Scheme, 2020</b>	<b>18.39</b>
◆ <b>Directions to give effect to Faceless Appeal Scheme, 2020</b>	<b>18.55</b>
◆ <b>Faceless Penalty Scheme, 2021</b>	<b>18.67</b>
◆ <b>Directions to give effect to Faceless Penalty Scheme, 2021</b>	<b>18.81</b>





# **FACELESS ASSESSMENT SCHEME, 2019**

## ***Arrangement of Paragraphs***

<b>PARA</b>		<b>PAGE</b>
1.	Short title and commencement	18.5
2.	Definitions	18.5
3.	Scope of the Scheme	18.7
4.	E-assessment Centres	18.8
5.	<i>Procedure for assessment</i>	<b>18.9</b>
6.	Penalty proceedings for non-compliance	18.18
7.	Appellate Proceedings	18.19
8.	<i>Exchange of communication exclusively by electronic mode</i>	<b>18.19</b>
9.	<i>Authentication of electronic record</i>	<b>18.19</b>
10.	Delivery of electronic record	18.20
11.	No personal appearance in the Centres or Units	18.20
12.	Power to specify format, mode, procedure and processes	18.21



# **<sup>1</sup>[FACELESS ASSESSMENT] SCHEME, 2019**

**NOTIFICATION NO. S.O. 3264(E), DATED 12-9-2019, AS AMENDED BY,  
NOTIFICATION NO. S.O. 2745(E), DATED 13-8-2020 AND FACELESS  
ASSESSMENT (FIRST AMENDMENT) SCHEME, 2021**

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*In exercise of the powers conferred by sub-section (3A) of section 143 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby makes the following Scheme, namely:—*

## **Short title and commencement**

1. (1) This Scheme may be called the '*Faceless Assessment*' Scheme, 2019.
- (2) It shall come into force on the date of its publication in the Official Gazette.

## **Definitions**

2. (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) "assessment" means assessment of total income or loss of the assessee under sub-section (3) of section 143 <sup>2</sup>[*or section 144*] of the Act;
- (iv) "authorised representative" shall have the same meaning as assigned to it in sub-section (2) of section 288 of the Act;
- (v) "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;
- (vi) "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;
- (vii) "Board" means Central Board of Direct Taxes constituted under the Central Board of Revenues Act, 1963 (54 of 1963);
- (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);

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1. Substituted for "e-assessment" by Notification No. S.O. 2745(E), dated 13-8-2020, w.e.f. 13-8-2020.

2. Inserted, *ibid*.

- (i) "computer system" shall have the same meaning as assigned to them in clause (h) of sub-section (1) of section 2 of the Information Technology Act, 2000 (21 of 2000);
- (x) "computer resource of assessee" shall include assessee's registered account in designated portal of the Income-tax Department, the Mobile App linked to the registered mobile number of the assessee, or the <sup>2a</sup>[*registered e-mail account*] of the assessee with his e-mail service provider;
- (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 e-assessment Centre;
- <sup>2b</sup>[(xiiia) "*Dispute Resolution Panel*" shall have the same meaning as assigned to in clause (a) of sub-section (15) of section 144C of the Act;]
- (xiii) "e-assessment" means the assessment proceedings conducted electronically in 'e-Proceeding' facility through assessee's registered account in designated portal;
- (xiv) "electronic record" shall have the same meaning as assigned to it in clause (i) of sub-section (1) of section 2 of the Information Technology Act, 2000 (21 of 2000);
- (xv) "electronic signature" shall have the same meaning as assigned to it in clause (ta) of sub-section (1) of section 2 of the Information Technology Act, 2000 (21 of 2000);
- <sup>2b</sup>[(xva) "*eligible assessee*" shall have the same meaning as assigned to in clause (b) of sub-section (15) of section 144C of the Act;]
- (xvi) "e-mail" 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;
- (xvii) "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);
- (xviii) "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 assessee;
- (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);

2a. Substituted for "e-mail account" by the Faceless Assessment (First Amendment) Scheme, 2021, w.e.f. 17-2-2021.

2b. Inserted, *ibid*.

- (xx) "real time alert" means any communication sent to the assessee, 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 e-mail at his registered e-mail address, so as to alert him regarding delivery of an electronic communication;
- (xxi) "registered account" of the assessee means the electronic filing account registered by the assessee in 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 e-mail 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" of the assessee means the mobile number of the assessee, or his authorised representative, appearing in the user profile of the electronic filing account registered by the assessee in designated portal;
- <sup>3</sup>[(xxiiiia) "Rules" means the Income-tax Rules, 1962;]
- (xxiv) <sup>3a</sup>["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 meaning respectively assigned to them in the Act.

### Scope of the Scheme

3. The assessment under this Scheme shall 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 Board.

3. Inserted by Notification No. S.O. 2745(E), dated 13-8-2020, w.e.f. 13-8-2020.

3a. Substituted for "video telephony" by the Faceless Assessment (First Amendment) Scheme, 2021, w.e.f. 17-8-2021.

**E-assessment Centres**

4. (1) For the purposes of this Scheme, the Board may set up—

- (i) a National e-assessment Centre to facilitate the conduct of e-assessment proceedings in a centralised manner, which shall be vested with the jurisdiction to make assessment in accordance with the provisions of this Scheme;
- (ii) 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;
- (iii) assessment units, as it may deem necessary 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;
- (iv) verification units, as it may deem necessary to facilitate the conduct of e-assessment, 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;
- (v) technical units, as it may deem necessary 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, <sup>4</sup>[*audit*,] 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; and
- (vi) review units, as it may deem necessary 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, 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, checking for arithmetical correctness of modifications proposed, if any, and such other functions as may be required for the purposes of review,

and specify their respective jurisdiction.

(2) 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 an assessment under this Scheme shall be through the National e-assessment Centre.

4. Inserted by Notification No. S.O. 2745(E), dated 13-8-2020, w.e.f. 13-8-2020.

(3) The units referred to in <sup>3</sup>[clauses] (iii), (iv), (v) and (vi) of <sup>4</sup>[sub-paragraph] (1) shall have the following authorities, namely:—

- (a) Additional Commissioner or Additional Director or Joint Commissioner or Joint Director, as the case may be;
- (b) Deputy Commissioner or Deputy Director or Assistant Commissioner or Assistant Director, or Income-tax Officer, as the case may be;
- (c) such other income-tax authority, ministerial staff, executive or consultant, as considered necessary by the Board.

**7[Procedure for assessment.**

5. <sup>7</sup>[(1) The assessment under this Scheme shall be made as per the following procedure, namely:—

- (i) the National e-Assessment Centre shall serve a notice on the assessee under sub-section (2) of section 143 of the Act;
- (ii) the assessee may, within fifteen days from the date of receipt of notice referred to in clause (i), file his response to the National e-Assessment Centre;

5. Substituted for "sub-paragraphs" by Notification No. S.O. 2745(E), dated 13-8-2020, w.e.f. 13-8-2020.

6. Substituted for "paragraph", *ibid*.

7. Substituted, *ibid*. Prior to its substitution, paragraph 5 read as under :

<sup>5</sup>. Procedure for assessment—(1) The assessment under this Scheme shall be made as per the following procedure, namely:—

- (i) the National e-Assessment Centre shall serve a notice on the assessee under sub-section (2) of section 143, specifying the issues for selection of his case for assessment;
- (ii) the assessee may, within fifteen days from the date of receipt of notice referred to in sub-clause (i), file his response to the National e-assessment Centre ;
- (iii) the National e-assessment Centre shall assign the case selected for the purposes of e-assessment under this Scheme to a specific assessment unit in any one Regional e-assessment Centre through an automated allocation system;
- (iv) where a case is assigned to the assessment unit, it may make a request to the National e-assessment Centre for—
  - (a) obtaining such further information, documents or evidence from the assessee or any other person, as it may specify;
  - (b) conducting of certain enquiry or verification by verification unit; and
  - (c) seeking technical assistance from the technical unit;
- (v) where a request for obtaining further information, documents or evidence from the assessee or any other person has been made by the assessment unit, the National e-assessment Centre shall issue appropriate notice or requisition to the assessee or any other person for obtaining the information, documents or evidence requisitioned by the assessment unit;
- (vi) where a request for conducting of certain enquiry or verification by the verification unit has been made by the assessment unit, the request shall be assigned by the National e-assessment Centre to a verification unit through an automated allocation system;
- (vii) where a request for seeking technical assistance from the technical unit has been made by the assessment 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;

(Contd. on page 18.10)

(Contd. from page 18.9)

- (viii) the assessment unit shall, after taking into account all the relevant material available on the record, make in writing, a draft assessment order either accepting the returned income of the assessee or modifying the returned income of the assessee, as the case may be, and send a copy of such order to the National e-assessment Centre;
- (ix) the assessment unit shall, while making draft assessment order, provide details of the penalty proceedings to be initiated therein, if any;
- (x) the National e-assessment Centre shall examine the draft assessment 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 assessment as per the draft assessment order and serve a copy of such order and notice for initiating penalty proceedings, if any, to the assessee, alongwith the demand notice, specifying the sum payable by, or refund of any amount due to, the assessee on the basis of such assessment; or
  - (b) provide an opportunity to the assessee, 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; or
  - (c) assign the draft assessment order to a review unit in any one Regional e-assessment Centre, through an automated allocation system, for conducting review of such order;
- (xi) the review unit shall conduct review of the draft assessment order, referred to it by the National e-assessment Centre whereupon it may decide to—
  - (a) concur with the draft assessment order and intimate the National e-assessment Centre about such concurrence; or
  - (b) suggest such modification, as it may deem fit, to the draft assessment order and send its suggestions to the National e-assessment Centre;
- (xii) the National e-assessment Centre shall, upon receiving concurrence of the review unit, follow the procedure laid down in sub-paragraph (a) or sub-paragraph (b) of paragraph (x), as the case may be;
- (xiii) the National e-assessment Centre shall, upon receiving suggestions for modifications from the review unit, communicate the same to the assessment unit;
- (xiv) the assessment unit shall, after considering the modifications suggested by the Review unit, send the final draft assessment order to the National e-assessment Centre;
- (xv) the National e-assessment Centre shall, upon receiving final draft assessment order, follow the procedure laid down in sub-paragraph (a) or sub-paragraph (b) of paragraph (x), as the case may be;
- (xvi) the assessee may, in a case where show cause notice under sub-paragraph (b) of paragraph (x) has been served upon him, furnish his response to the National e-assessment Centre on or before the date and time specified in the notice;
- (xvii) the National e-assessment Centre shall,-
  - (a) in a case where no response to the show cause notice is received, finalise the assessment as per the draft assessment order, as per the procedure laid down in sub-paragraph (a) of paragraph (x); or
  - (b) in any other case, send the response received from the assessee to the assessment unit;
- (xviii) the assessment unit shall, after taking into account the response furnished by the assessee, make a revised draft assessment order and send it to the National e-assessment Centre;
- (xix) the National e-assessment Centre shall, upon receiving the revised draft assessment order,—

(Contd. on page 18.11)



(Contd. from page 18.10)

- (a) in case no modification prejudicial to the interest of the assessee is proposed with reference to the draft assessment order, finalise the assessment as per the procedure laid down in sub-paragraph (a) of paragraph (x); or
  - (b) in case a modification prejudicial to the interest of the assessee is proposed with reference to the draft assessment order, provide an opportunity to the assessee, as per the procedure laid down in sub-paragraph (b) of paragraph (x);
  - (c) the response furnished by the assessee shall be dealt with as per the procedure laid down in paragraphs (xvi), (xvii), and (xviii);
  - (xx) the National e-assessment Centre shall, after completion of assessment, transfer all the electronic records of the case to the Assessing Officer having jurisdiction over such case, for—
    - (a) imposition of penalty;
    - (b) collection and recovery of demand;
    - (c) rectification of mistake;
    - (d) giving effect to appellate orders;
    - (e) submission of remand report, or any other report to be furnished, or any representation to be made, or any record to be produced before the Commissioner (Appeals), Appellate Tribunal or Courts, as the case may be;
    - (f) proposal seeking sanction for launch of prosecution and filing of complaint before the Court;
  - (xxi) notwithstanding anything contained in paragraph (xx), the National e-assessment Centre may at any stage of the assessment, if considered necessary, transfer the case to the Assessing Officer having jurisdiction over such case.\*
- 7a. Substituted by the Faceless Assessment (First Amendment) Scheme, 2021, w.e.f. 17-2-2021. Prior to its substitution, sub-paragraph (1) read as under :
- \*(1) The assessment under this Scheme shall be made as per the following procedure, namely: —
- (i) the National e-Assessment Centre shall serve a notice on the assessee under sub-section (2) of section 143, specifying the issues for selection of his case for assessment;
  - (ii) the assessee may, within fifteen days from the date of receipt of notice referred to in clause (i), file his response to the National e-assessment Centre;
  - (iii) where the assessee—
    - (a) has furnished his return of income under section 139 or in response to a notice issued under sub-section (1) of section 142 or sub-section (1) of section 148; and a notice under sub-section (2) of section 143 has been issued by the Assessing Officer or the prescribed income-tax authority, as the case may be; or
    - (b) has not furnished his return of income in response to a notice issued under sub-section (1) of section 142 by the Assessing Officer; or
    - (c) has not furnished his return of income under sub-section (1) of section 148 and a notice under sub-section (1) of section 142 has been issued by the Assessing Officer,
- the National e-Assessment Centre shall intimate the assessee that assessment in his case shall be completed under this Scheme;
- (iv) the National e-assessment Centre shall assign the case selected for the purposes of e-assessment under this Scheme to a specific assessment unit in any one Regional e-assessment Centre through an automated allocation system;
  - (v) where a case is assigned to the assessment unit, it may make a request to the National e-assessment Centre for—

(Contd. on page 18.12)

(Contd. from page 18.11)

- (a) obtaining such further information, documents or evidence from the assessee or any other person, as it may specify;
  - (b) conducting of certain enquiry or verification by verification unit; and
  - (c) seeking technical assistance from the technical unit;
- (vi) where a request for obtaining further information, documents or evidence from the assessee or any other person has been made by the assessment unit, the National e-assessment Centre shall issue appropriate notice or requisition to the assessee or any other person for obtaining the information, documents or evidence requisitioned by the assessment unit;
- (vii) the assessee or any other person, as the case may be, shall file his response to the notice referred to in clause (vi), within the time specified therein or such time as may be extended on the basis of an application in this regard, to the National e-Assessment Centre;
- (viii) where a request for conducting of certain enquiry or verification by the verification unit has been made by the assessment unit, the request shall be assigned by the National e-assessment Centre to a verification unit in any one Regional e-assessment Centres through an automated allocation system;
- (ix) where a request for seeking technical assistance from the technical unit has been made by the assessment 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;
- (x) the National e-assessment Centre shall send the report received from the verification unit or the technical unit, based on the request referred to in clause (viii) or (ix) to the concerned assessment unit;
- (xi) where the assessee fails to comply with the notice referred to in clause (vi) or notice issued under sub-section (1) of section 142 or with a direction issued under sub-section (2A) of section 142, the National e-Assessment Centre shall 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;
- (xii) the assessee shall, within the time specified in the notice referred to in clause (xi) or such time as may be extended on the basis of an application in this regard, file his response to the National e-Assessment Centre;
- (xiii) where the assessee fails to file response to the notice referred to in clause (xi) within the time specified in the notice or within the extended time, if any, the National e-Assessment Centre shall intimate such failure to the assessment unit;
- (xiv) the assessment unit shall, after taking into account all the relevant material available on the record make in writing, a draft assessment order or, in a case where intimation referred to in clause (xiii) is received from the National e-Assessment Centre, 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 modifying the said income or sum, and send a copy of such order to the National e-assessment Centre;
- (xv) the assessment unit shall, while making draft assessment order, provide details of the penalty proceedings to be initiated therein, if any;
- (xvi) the National e-assessment Centre shall examine the draft assessment 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 assessment as per the draft assessment order and serve a copy of such order and notice for initiating penalty proceedings, if any, to the assessee, alongwith the demand notice, specifying the sum payable by, or refund of any amount due to, the assessee on the basis of such assessment; or

(Contd. on page 18.13)

(Contd. from page 18.12)

- (b) provide an opportunity to the assessee, 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; or
- (c) assign the draft assessment order to a review unit in any one Regional e-assessment Centre, through an automated allocation system, for conducting review of such order;
- (xvii) the review unit shall conduct review of the draft assessment order, referred to it by the National e-assessment Centre whereupon it may decide to,—
  - (a) concur with the draft assessment order and intimate the National e-assessment Centre about such concurrence; or
  - (b) suggest such modifications, as it may deem fit, to the draft assessment order and send its suggestions to the National e-assessment Centre;
- (xviii) the National e-assessment Centre shall, upon receiving concurrence of the review unit, follow the procedure laid down in sub-clause (a) or sub-clause (b) of clause (xvi), as the case may be;
- (xix) the National e-assessment Centre shall, upon receiving suggestions for modifications from the review unit, 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) the assessment unit shall, after considering the modifications suggested by the review unit, send the final draft assessment order to the National e-assessment Centre;
- (xxi) the National e-assessment Centre shall, upon receiving final draft assessment order, follow the procedure laid down in sub-clause (a) or sub-clause (b) of clause (xvi), as the case may be;
- (xxii) the assessee may, in a case where show-cause notice under sub-clause (b) of clause (xvi) has been served upon him, furnish his response to the National e-assessment Centre on or before the date and time specified in the notice or within the extended time, if any;
- (xxiii) the National e-assessment Centre shall,—
  - (a) in a case where no response to the show-cause notice is received, finalise the assessment as per the draft assessment order, as per the procedure laid down in sub-clause (a) of clause (xvi); or
  - (b) in any other case, send the response received from the assessee to the assessment unit;
- (xxiv) the assessment unit shall, after taking into account the response furnished by the assessee, make a revised draft assessment order and send it to the National e-assessment Centre;
- (xxv) the National e-assessment Centre shall, upon receiving the revised draft assessment order,—
  - (a) in case no modification prejudicial to the interest of the assessee is proposed with reference to the draft assessment order, finalise the assessment as per the procedure laid down in sub-clause (a) of clause (xvi); or
  - (b) in case a modification prejudicial to the interest of the assessee is proposed with reference to the draft assessment order, provide an opportunity to the assessee, by serving a notice as per the procedure laid down in sub-clause (b) of clause (xvi);
  - (c) the response furnished by the assessee shall be dealt with as per the procedure laid down in clauses (xxii), (xxiii) and (xxiv);
- (xxvi) the National e-assessment Centre shall, after completion of assessment, 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 Act."

(iii) where the assessee—

- (a) has furnished his return of income under section 139 of the Act or in response to a notice issued under sub-section (1) of section 142 of the Act or sub-section (1) of section 148 of the Act, and a notice under sub-section (2) of section 143 of the Act has been issued by the Assessing Officer or the prescribed income-tax authority, as the case may be; or
- (b) has not furnished his return of income in response to a notice issued under sub-section (1) of section 142 of the Act by the Assessing Officer; or
- (c) has not furnished his return of income under sub-section (1) of section 148 of the Act and a notice under sub-section (1) of section 142 of the Act has been issued by the Assessing Officer.

the National e-Assessment Centre shall intimate the assessee that assessment in his case shall be completed under this Scheme.

- (iv) the National e-Assessment Centre shall assign the case selected for the purposes of e-assessment under this Scheme to a specific assessment unit in any one Regional e-Assessment Centre through an automated allocation system;
- (v) where a case is assigned to the assessment unit, it may make a request to the National e-Assessment Centre for—
  - (a) obtaining such further information, documents or evidence from the assessee or any other person, as it may specify;
  - (b) conducting of certain enquiry or verification by verification unit; and
  - (c) seeking technical assistance from the technical unit;
- (vi) where a request for obtaining further information, document or evidence from the assessee or any other person has been made by the assessment unit, the National e-Assessment Centre shall issue appropriate notice or requisition to such assessee or person, specifying a time therein, for submitting such information, documents or evidence;
- (vii) the assessee or any other person, as the case may be, shall file his response to the notice referred to in clause (vi), within the time specified therein or such extended time as may be allowed on the basis of an application in this regard, to the National e-Assessment Centre;
- (viii) where a request for conducting of certain enquiry or verification by the verification unit has been made by the assessment unit, the request shall be assigned by the National e-Assessment Centre to a verification unit in any one Regional e-Assessment Centre through an automated allocation system;
- (ix) where a request for seeking technical assistance from the technical unit has been made by the assessment unit, the request shall be assigned by the National e-Assessment Centre to a technical unit in any one Regional e-Assessment Centre through an automated allocation system;

- (x) the National e-Assessment Centre shall send the report received from the verification unit or the technical unit, based on the request referred to in clause (viii) or (ix) to the concerned assessment unit;
- (xi) where the assessee fails to comply with the notice referred to in clause (vi) or notice issued under sub-section (1), or with a direction issued under sub-section (2A) of section 142 of the Act, the National e-Assessment Centre shall serve upon such assessee a notice under section 144 of the Act 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;
- (xii) the assessee shall, within the time specified in the notice referred to in clause (xi) or such time as may be extended on the basis of an application in this behalf, file his response to the National e-Assessment Centre;
- (xiii) where the assessee fails to file response to the notice referred to in clause (xi) within the time specified therein or within the extended time, if any, the National e-Assessment Centre shall intimate such failure to the assessment unit;
- (xiv) the assessment unit shall, after taking into account all the relevant material available on the record make in writing, a draft assessment order or, in a case where intimation referred to in clause (xiii) is received from the National e-Assessment Centre, 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 such income or sum, and send a copy of such order to the National e-Assessment Centre;
- (xv) the assessment unit shall, while making draft assessment order, provide details of the penalty proceedings to be initiated therein, if any;
- (xvi) the National e-Assessment Centre shall examine the draft assessment 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 assessment, in case no variation prejudicial to the interest of assessee 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 assessee, alongwith the demand notice, specifying the sum payable by, or refund of any amount due to, the assessee on the basis of such assessment; or
  - (b) provide an opportunity to the assessee, in case any variation prejudicial to the interest of assessee 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 e-Assessment Centre, through an automated allocation system, for conducting review of such order;
- (xvii) the review unit shall conduct review of the draft assessment order, referred to it by the National e-Assessment Centre, whereupon it may decide to—

- (a) concur with the draft assessment order and intimate the National e-Assessment Centre about such concurrence; or
  - (b) suggest such variation, as it may deem fit, in the draft assessment order and send its suggestions to the National e-Assessment Centre;
- (xviii) the National e-Assessment Centre shall, upon receiving concurrence of the review unit, follow the procedure laid down in sub-clause (a) or sub-clause (b) of clause (xvi), as the case may be;
- (xix) the National e-Assessment Centre shall, upon receiving suggestions for variation from the review unit, assign the case to an assessment unit, other than the assessment unit which has prepared the draft assessment order, through an automated allocation system;
- (xx) the assessment unit shall, after considering the variations suggested by the review unit, send the final draft assessment order to the National e-Assessment Centre;
- (xxi) the National e-Assessment Centre shall, upon receiving final draft assessment order follow the procedure laid down in sub-clause (a) or sub-clause (b) of clause (xvi), as the case may be;
- (xxii) the assessee may, in a case where show-cause notice has been served upon him as per the procedure laid down in sub-clause (b) of clause (xvi), furnish his response to the National e-Assessment Centre on or before the date and time specified in the notice or within such time as may be extended on the basis of an application in this behalf;
- (xxiii) the National e-Assessment Centre shall,—
- (a) where no response to the show-cause notice as per clause (xxii) is received,—
    - (A) in a case where the draft assessment order or the final draft assessment order is in respect of an eligible assessee and proposes to make any variation which is prejudicial to the interest of such assessee, forward the draft assessment order or final draft assessment order to such assessee; or
    - (B) 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, upon the assessee, alongwith 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 any other case, send the response furnished by the assessee to the assessment unit;
- (xxiv) the assessment unit shall, after taking into account the response furnished by the assessee, as referred to in sub-clause (b) of clause (xxiii), make a revised draft assessment order and send it to the National e-Assessment Centre;
- (xxv) the National e-Assessment Centre shall, upon receiving the revised draft assessment order,—

- (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 such assessee proposed in draft assessment order or the final draft assessment order, forward such 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, upon the assessee, alongwith 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;
- (xxvi) the procedure laid down in clauses (xxiii), (xxiv) and (xxv) shall apply mutatis mutandis to the notice referred to in sub-clause (b) of clause (xxv);
- (xxvii) where the draft assessment order or final draft assessment order or revised draft assessment order is forwarded to the eligible assessee as per item A of sub-clause (a) of clause (xxiii) or item A of sub-clause (a) of clause (xxv), such assessee shall, within the period specified in sub-section (2) of section 144C of the Act, file his acceptance of the variations to the National e-Assessment Centre;
- (xxviii) the National e-Assessment Centre shall,—
- (a) upon receipt of acceptance as per clause (xxvii); or
  - (b) if no objections are received from the eligible assessee within the period specified in sub-section (2) of section 144C of the Act,
- finalise the assessment within the time allowed under sub-section (4) of section 144C of the Act and serve a copy of such order and notice for initiating penalty proceedings, if any, to the assessee, alongwith the demand notice, specifying the sum payable by, or refund of any amount due to, the assessee on the basis of such assessment;
- (xxix) where the eligible assessee files his objections with the Dispute Resolution Panel, the National e-Assessment Centre shall upon receipt of the directions issued by the Dispute Resolution Panel under sub-section (5) of section 144C of the Act, forward such directions to the concerned assessment unit;
- (xxx) the assessment unit shall in conformity of the directions issued by the Dispute Resolution panel under sub-section (5) of section 144C of the Act prepare a draft assessment order in accordance with sub-section (13) of section 144C of the Act and send a copy of such order to the National e-Assessment Centre;

- (xxxii) *the National e-Assessment Centre shall, upon receipt of draft assessment order referred to in clause (xxx), finalise the assessment within the time allowed under sub-section (13) of section 144C of the Act and serve a copy of such order and notice for initiating penalty proceedings, if any, upon the assessee, alongwith the demand notice, specifying the sum payable by, or refund of any amount due to, the assessee on the basis of such assessment;*
- (xxxii) *the National e-Assessment Centre shall, after completion of assessment, 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 Act.]*

*(2) Notwithstanding anything contained in sub-paragraph (1), the Principal Chief Commissioner or the Principal Director General, in charge of National e-Assessment Centre, may at any stage of the assessment, if considered necessary, transfer the case to the Assessing Officer having jurisdiction over such case, with the prior approval of the Board.]*

#### **Penalty proceedings for non-compliance**

6. (1) Any unit may, in the course of assessment proceedings, for non-compliance of any notice, direction or order issued under this Scheme on the part of the assessee or any other person, send recommendation for initiation of any penalty proceedings under Chapter XXI of the Act, against such assessee or any other person, as the case may be, to the National e-Assessment Centre, if it considers necessary or expedient to do so.

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

(3) The response to show cause notice furnished by the assessee or any other person, if any, shall be sent by the National e-Assessment Centre to the concerned unit which has made the recommendation for penalty.

(4) The said unit shall, after taking into consideration the response furnished by the assessee or any other person, as the case may be,—

- (a) make a draft order of penalty and send a copy of such draft to National e-Assessment Centre; or
- (b) drop the penalty after recording reasons, under intimation to the National e-assessment Centre.

<sup>8</sup>*[(5) The National e-Assessment Centre shall levy the penalty as per the said draft order of penalty and serve a copy of the same along with demand notice on the assessee or any other person, as the case may be, and thereafter transfer electronic*

8. Substituted by Notification No. S.O. 2745(E), dated 13-8-2020, w.e.f. 13-8-2020. Prior to its substitution, sub-paragraph (5) read as under :

<sup>8</sup>*“(5) The National e-Assessment Centre shall levy the penalty as per the said draft order of penalty and serve a copy of the same on the assessee or any other person, as the case may be.”*



records of the penalty proceedings to the Assessing Officer having jurisdiction over the said case for such action as may be required under the Act.]

### Appellate Proceedings

7. An appeal against an assessment <sup>9</sup>[order, or penalty order] made by the National e-assessment Centre under this Scheme shall lie before the Commissioner (Appeals) having jurisdiction over the jurisdictional Assessing Officer and any reference to the Commissioner (Appeals) in any communication from the National e-assessment Centre shall mean such jurisdictional Commissioner (Appeals).

<sup>10</sup>[Exchange of communication exclusively by electronic mode.

8. (1) For the purposes of this Scheme,—

- (a) all communications between the National e-assessment Centre and the assessee, or his authorised representative, or any other person shall be exchanged exclusively by electronic mode; and
- (b) all internal communications between the National e-assessment Centre, Regional e-assessment Centres and various units shall be exchanged exclusively by electronic mode;

(2) The provisions of sub-paragraph (1) shall not apply to the enquiry or verification conducted by the verification unit in the circumstances referred to in clause (via) of Paragraph 12.

### Authentication of electronic record.

9. For the purposes of this Scheme, an electronic record shall be authenticated by—

- (i) the National e-Assessment Centre by affixing its digital signature; and
- (ii) the assessee 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.]

9. Inserted by Notification No. S.O. 2745(E), dated 13-8-2020, w.e.f. 13-8-2020.

10. Substituted, *ibid*. Prior to their substitution, paragraphs 8 and 9 read as under :

\*8. Exchange of communication exclusively by electronic mode.—For the purposes of this Scheme,—

- (a) all communications between the National e-assessment Centre and the assessee, or his authorised representative, shall be exchanged exclusively by electronic mode; and
- (b) all internal communications between the National e-assessment Centre, Regional e-assessment Centres and various units shall be exchanged exclusively by electronic mode.

9. Authentication of electronic record.—For the purposes of this Scheme, an electronic record shall be authenticated by the originator by affixing his digital signature in accordance with the provisions of sub-section (2) of section 3 of the Information Technology Act, 2000 (21 of 2000);

Provided that in case of the originator, being the assessee or any other person, such authentication may also be done by electronic signature or electronic authentication technique in accordance with the provisions of sub-section (2) of section 3A of the said Act.\*

**Delivery of electronic record**

10. (1) Every notice or order or any other electronic communication under this Scheme shall 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 e-mail 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.

(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 e-mail address of such person, followed by a real time alert.

(3) The Assessee 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 e-assessment 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).

**No personal appearance in the Centres or Units**

11. (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 e-assessment Centre or Regional e-assessment Centre or any unit set up under this Scheme.

<sup>11a</sup>[(2) In a case where a <sup>11a</sup>[variation] is proposed in the draft assessment order <sup>11b</sup>[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 the such draft assessment order <sup>11b</sup>[or final draft assessment order 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 under this Scheme;

(3) The Chief Commissioner or the Director General, in charge of the Regional e-assessment Centre, under which the concerned unit is set up, may approve the

11. Sub-paragraphs (2), (3), (3A) and (3B) substituted for sub-paragraphs (2) and (3) by Notification No. S.O. 2745(E), dated 13-8-2020, w.e.f. 13-8-2020. Prior to their substitution, sub-paragraphs (2) and (3) read as under :

<sup>11a</sup>(2) In a case where a modification is proposed in the 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 the such draft assessment order, the assessee or his authorised representative, as the case may be, shall be entitled to seek

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 (vib) of paragraph 12:

(3A) Where the request for personal hearing has been approved by the Chief Commissioner or the Director General, in charge of the Regional e-assessment Centre, such hearing shall be conducted exclusively through video conferencing, including use of any telecommunication application software which supports video telephony, in accordance with the procedure laid down by the Board;

(3B) Subject to the sub-paragraph (2) of paragraph 8, any examination or recording of the statement of the assessee or any other person (other than statement by an income-tax authority in any unit under this Scheme, exclusively through video conferencing, including use of any telecommunication application software which supports video telephony in accordance with the procedure laid down by the Board.]

(4) The Board shall establish suitable facilities for video conferencing including telecommunication application software which supports video telephony at such locations as may be necessary, so as to ensure that the assessee, or his authorised representative, or any other person referred to in sub-paragraph (2) or sub-paragraph (3) is not denied the benefit of this Scheme merely on the consideration that such assessee or his authorised representative, or any other person does not have access to video conferencing at his end.

#### **Power to specify format, mode, procedure and processes**

12. <sup>12</sup>[<sup>13</sup>] The Principal Chief Commissioner or the Principal Director General, in charge of the National e-assessment Centre shall <sup>13</sup>[, with the approval of the Board.] lay down the standards, procedures and processes for effective functioning of the National e-assessment Centre, Regional e-assessment Centres and the unit set-up under this Scheme, in an automated and mechanised environment, including format, mode, procedure and processes in respect of the following, namely:—

(Contd. from page 18.20)

personal hearing so as to make his oral submissions or present his case before the income-tax authority in any unit under this Scheme, and such hearing shall be conducted exclusively through video conferencing, including use of any telecommunication application software which supports video telephony, in accordance with the procedure laid down by the Board.

(3) 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 of the Act) shall be conducted by an income-tax authority in any unit under this Scheme, exclusively through video conferencing, including use of any telecommunication application software which supports video telephony in accordance with the procedure laid down by the Board."

- 11a. Substituted for "modification" by the Faceless Assessment (First Amendment) Scheme, 2021, w.e.f. 17-2-2021.
- 11b. Inserted, *ibid* [It may be noted that Faceless Assessment (First Amendment) Scheme, 2021 provides that for the words "draft assessment order", the words "or final draft assessment order or revised draft assessment order" shall be substituted.]
12. "(1)" omitted by Notification No. S.O. 2745(E), dated 13-8-2020, w.e.f. 13-8-2020.
13. Inserted, *ibid*.

- (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 acknowledgement of the response furnished by the person;
- (iv) provision of "e-proceeding" facility including login account facility, tracking status of assessment, display of relevant details, and facility of download;
- (v) accessing, verification and authentication of information and response including documents submitted during the assessment proceedings;
- (vi) receipt, storage and retrieval of information or documents in a centralised manner;
- <sup>14</sup>*[(via) circumstances in which provisions of sub-paragraph (1) of paragraph 8 shall not apply;*
- (vib) circumstances in which personal hearing referred to in sub-paragraph (3) of paragraph 11 shall be approved;]*
- (vii) general administration and grievance redressal mechanism in the respective Centres and units.

# DIRECTIONS FOR GIVING EFFECT TO FACELESS ASSESSMENT SCHEME, 2019

NOTIFICATION NO. S.O. 3265(E), DATED 12-9-2019, AS AMENDED BY,  
NOTIFICATIONS NO. S.O. 2746(E), DATED 13-8-2020 AND  
NO. S.O. 742(E), DATED 17-2-2021

*In exercise of the powers conferred by sub-section (3B) of section 143 of the Income-tax Act, 1961 (43 of 1961), for the purposes of giving effect to the [Faceless Assessment] Scheme, 2019 made under sub-section (3A) of section 143 of the Act, the Central Government hereby makes the following directions, namely:—*

*[1. The provisions of clause (7A) of section 2, 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 Act shall apply to the assessment made in accordance with the said Scheme subject to the following exceptions, modifications and adaptations, namely:—*

*\*A.<sup>2a</sup>(1) The assessment under this Scheme shall be made as per the following procedure, namely:—*

- (i) the National e-Assessment Centre shall serve a notice on the assessee under sub-section (2) of section 143 of the Act;*
- (ii) the assessee may, within fifteen days from the date of receipt of notice referred to in clause (i), file his response to the National e-Assessment Centre;*

1. Substituted for "E-assessment" by Notification No. S.O. 2746(E), dated 13-8-2020, w.e.f. 13-8-2020.

2. Substituted, *ibid.* Prior to its substitution, clause 1 read as under :

*1. The provisions of clause (7A) of section 2, section 92CA, section 120, section 124, section 127, section 129, section 131, section 133, section 133A, section 133C, section 134, section 142, section 142A, section 143, section 144A, section 144BA section 144C and Chapter XXI of the Act shall apply to the assessment made in accordance with the said Scheme subject to the following exceptions, modifications and adaptations, namely:—*

*\*A. (1) The assessment shall be made as per the following procedure, namely:—*

- (i) the National e-assessment Centre shall serve a notice on the assessee under sub-section (2) of section 143, specifying the issues for selection of his case for assessment;*
- (ii) the assessee may, within fifteen days from the date of receipt of notice referred to in sub-clause (i), file his response to the National e-assessment Centre;*
- (iii) the National e-assessment Centre shall assign the case selected for the purposes of assessment under this Scheme to a specific assessment unit in any one Regional e-assessment Centre through an automated allocation system;*
- (iv) where a case is assigned to the assessment unit, it may make a request to the National e-assessment Centre for—*

*(Contd. on page 18.24)*

*(Contd. from page 18.23)*

- a. obtaining such further information, documents or evidence from the assessee or any other person, as it may specify;
  - b. conducting of certain enquiry or verification by verification unit; and
  - c. seeking technical assistance from the technical unit;
- (v) where a request for obtaining further information, documents or evidence from the assessee or any other person has been made by the assessment unit, the National e-assessment Centre shall issue appropriate notice or requisition to the assessee or any other person for obtaining the information, documents or evidence requisitioned by the assessment unit;
- (vi) where a request for conducting of certain enquiry or verification by the verification unit has been made by the assessment unit, the request shall be assigned by the National e-assessment Centre to a verification unit through an automated allocation system;
- (vii) where a request for seeking technical assistance from the technical unit has been made by the assessment unit, the request shall be assigned by the National e-assessment Centre to a technical unit in any one Regional e-assessment Centre through an automated allocation system;
- (viii) the assessment unit shall, after taking into account all the relevant material available on the record, make in writing, a draft assessment order either accepting the returned income of the assessee or modifying the returned income of the assessee, as the case may be, and send a copy of such order to the National e-assessment Centre;
- (ix) the Assessment unit shall, while making draft assessment order, provide details of the penalty proceedings to be initiated therein, if any;
- (x) the National e-assessment Centre shall examine the draft assessment 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 assessment as per the draft assessment order and serve a copy of such order and notice for initiating penalty proceedings, if any, to the assessee, alongwith the demand notice, specifying the sum payable by, or refund of any amount due to, the assessee on the basis of such assessment; or
  - b. provide an opportunity to the assessee, 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; or
  - c. assign the draft assessment order to a review unit in any one Regional e-assessment Centre, through an automated allocation system, for conducting review of such order;
- (xi) the review unit shall conduct review of the draft assessment order, referred to it by the National e-assessment Centre whereupon it may decide to—
- a. concur with the draft assessment order and intimate the National e-assessment Centre about such concurrence; or
  - b. suggest such modification, as it may deem fit, to the draft assessment order and send its suggestions to the National e-assessment Centre;
- (xii) the National e-assessment Centre shall, upon receiving concurrence of the review unit, follow the procedure laid down in sub-paragraph (a) or sub-paragraph (b) of paragraph (x), as the case may be;
- (xiii) the National e-assessment Centre shall, upon receiving suggestions for modifications from the Review unit, communicate the same to the Assessment unit;

*(Contd. on page 18.25)*

(Contd. from page 18.24)

- (xiv) the assessment unit shall, after considering the modifications suggested by the Review unit, send the final draft assessment order to the National e-assessment Centre;
  - (xv) The National e-assessment Centre shall, upon receiving final draft assessment order, follow the procedure laid down in sub-paragraph (a) or sub-paragraph (b) of paragraph (x), as the case may be;
  - (xvi) The assessee may, in a case where show-cause notice under sub-paragraph (b) of paragraph (x) has been served upon him, furnish his response to the National e-assessment Centre on or before the date and time specified in the notice;
  - (xvii) The National e-assessment Centre shall,—
    - a. in a case where no response to the show-cause notice is received, finalise the assessment as per the draft assessment order, as per the procedure laid down in sub-paragraph (a) of paragraph (x); or
    - b. in any other case, send the response received from the assessee to the assessment unit;
  - (xviii) The assessment unit shall, after taking into account the response furnished by the assessee, make a revised draft assessment order and send it to the National e-assessment Centre;
  - (xix) The National e-assessment Centre shall, upon receiving the revised draft assessment order,—
    - a. in case no modification prejudicial to the interest of the assessee is proposed with reference to the draft assessment order, finalise the assessment as per the procedure laid down in sub-paragraph (a) of paragraph (x); or
    - b. in case a modification prejudicial to the interest of the assessee is proposed with reference to the draft assessment order, provide an opportunity to the assessee, as per the procedure laid down in sub-paragraph (b) of paragraph (x);
    - c. the response furnished by the assessee shall be dealt with as per the procedure laid down in paragraphs (xvi), (xvii) and (xviii);
  - (xx) The National e-assessment Centre shall, after completion of assessment, transfer all the electronic records of the case to the Assessing Officer having jurisdiction over such case for—
    - (a) imposition of penalty;
    - (b) collection and recovery of demand;
    - (c) rectification of mistake;
    - (d) giving effect to appellate orders;
    - (e) submission of remand report, or any other report to be furnished, or any representation to be made, or any record to be produced before the Commissioner (Appeals), Appellate Tribunal or Courts, as the case may be;
    - (f) proposal seeking sanction for launch of prosecution and filing of complaint before the Court;
  - (xxi) Notwithstanding anything contained in paragraph (xx), the National e-assessment Centre may at any stage of the assessment, if considered necessary, transfer the case to the Assessing Officer having jurisdiction over such case.
- B. (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 e-assessment Centre or Regional e-assessment Centre or in any unit set-up under this Scheme.

(Contd. on page 18.26)

(Contd. from page 18.25)

(2) In a case where a modification is proposed in the 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 the such draft assessment order, the assessee or his authorised representative, as the case may be, shall be entitled to seek personal hearing so as to make his oral submissions or present his case before the income-tax authority in any unit under this Scheme, and such hearing shall be conducted exclusively through video conferencing, including use of any telecommunication application software which supports video telephony, in accordance with the procedure laid down by the Board.

(3) 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 of the Act) shall be conducted by an income-tax authority in any unit under this Scheme, exclusively through video conferencing, including use of any telecommunication application software which supports video telephony in accordance with the procedure laid down by the Board.

(4) The Board shall establish suitable facilities for video conferencing including telecommunication application software which supports video telephony at such locations as may be necessary, so as to ensure that the assessee, or his authorised representative, or any other person referred to in sub-paragraph (2) or sub-paragraph (3) is not denied the benefit of this Scheme merely on the consideration that such assessee or his authorised representative, or any other person does not have access to video conferencing at his end."

2a. Substituted by Notification No. S.O. 742(E), dated 17-2-2021, w.e.f. 17-2-2021. Prior to its substitution, sub-paragraph (1) read as under :

"(1) The assessment shall be made as per the following procedure, namely:—

- (i) the National e-assessment Centre shall serve a notice on the assessee under sub-section (2) of section 143, specifying the issues for selection of his case for assessment;
- (ii) the assessee may, within fifteen days from the date of receipt of notice referred to in clause (i), file his response to the National e-assessment Centre;
- (iii) where the assessee—
  - (a) has furnished his return of income under section 139 or in response to a notice issued under sub-section (1) of section 142 or sub-section (1) of section 148; and a notice under sub-section (2) of section 143 has been issued by the Assessing Officer or the prescribed income-tax authority, as the case may be; or
  - (b) has not furnished his return of income in response to a notice issued under sub-section (1) of section 142 by the Assessing Officer; or
  - (c) has not furnished his return of income under sub-section (1) of section 148 and a notice under sub-section (1) of section 142 has been issued by the Assessing Officer,

the National e-assessment Centre shall intimate the assessee that assessment in his case shall be completed under the said Scheme;

- (iv) the National e-assessment Centre shall assign the case selected for the purposes of e-assessment under the said Scheme to a specific assessment unit in any one Regional e-assessment Centre through an automated allocation system;
- (v) where a case is assigned to the assessment unit, it may make a request to the National e-assessment Centre for —
  - (a) obtaining such further information, documents or evidence from the assessee or any other person, as it may specify;
  - (b) conducting of certain enquiry or verification by verification unit; and
  - (c) seeking technical assistance from the technical unit;

(Contd. on page 18.27)



(Contd. from page 18.26)

- (vi) where a request for obtaining further information, documents or evidence from the assessee or any other person has been made by the assessment unit, the National e-assessment Centre shall issue appropriate notice or requisition to the assessee or any other person for obtaining the information, documents or evidence requisitioned by the assessment unit;
- (vii) the assessee or any other person, as the case may be, shall file his response to the notice referred to in clause (vi), within the time specified therein or such time as may be extended on the basis of an application in this regard, to the National e-assessment Centre;
- (viii) where a request for conducting of certain enquiry or verification by the verification unit has been made by the assessment unit, the request shall be assigned by the National e-assessment Centre to a verification unit in any one Regional e-assessment Centres through an automated allocation system;
- (ix) where a request for seeking technical assistance from the technical unit has been made by the assessment 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;
- (x) the National e-assessment Centre shall send the report received from the verification unit or the technical unit, based on the request referred to in clause (viii) or (ix) to the concerned assessment unit;
- (xi) where the assessee fails to comply with the notice referred to in clause (vi) or notice issued under sub-section (1) of section 142 or with a direction issued under sub-section (2A) of section 142, the National e-assessment Centre shall 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;
- (xii) the assessee shall, within the time specified in the notice referred to in clause (xi) or such time as may be extended on the basis of an application in this regard, file his response to the National e-assessment Centre;
- (xiii) where the assessee fails to file response to the notice referred to in clause (xi) within the time specified in the notice or within the extended time, if any, the National e-assessment Centre shall intimate such failure to the assessment unit;
- (xiv) the assessment unit shall, after taking into account all the relevant material available on the record make in writing, a draft assessment order or, in a case where intimation referred to in clause (xiii) is received from the National e-assessment Centre, 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 modifying the said income or sum, and send a copy of such order to the National e-assessment Centre;
- (xv) the assessment unit shall, while making draft assessment order, provide details of the penalty proceedings to be initiated therein, if any;
- (xvi) the National e-assessment Centre shall examine the draft assessment 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 assessment as per the draft assessment order and serve a copy of such order and notice for initiating penalty proceedings, if any, to the assessee, alongwith the demand notice, specifying the sum payable by, or refund of any amount due to, the assessee on the basis of such assessment; or
  - (b) provide an opportunity to the assessee, in case a modification is proposed, by serving a notice calling upon him to show cause as to why the

(Contd. on page 18.28)

(Contd. from page 18.27)

- assessment should not be completed as per the draft assessment order;  
or
- (c) assign the draft assessment order to a review unit in any one Regional e-assessment Centre, through an automated allocation system, for conducting review of such order;
- (xvii) the review unit shall conduct review of the draft assessment order, referred to it by the National e-assessment Centre whereupon it may decide to,—
- (a) concur with the draft assessment order and intimate the National e-assessment Centre about such concurrence; or
- (b) suggest such modification, as it may deem fit, to the draft assessment order and send its suggestions to the National e-assessment Centre;
- (xviii) the National e-assessment Centre shall, upon receiving concurrence of the review unit, follow the procedure laid down in sub-clause (a) or sub-clause (b) of clause (xvi), as the case may be;
- (xix) the National e-assessment Centre shall, upon receiving suggestions for modifications from the review unit, 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) the assessment unit shall, after considering the modifications suggested by the review unit, send the final draft assessment order to the National e-assessment Centre;
- (xxi) the National e-assessment Centre shall, upon receiving final draft assessment order, follow the procedure laid down in sub-clause (a) or sub-clause (b) of clause (xvi), as the case may be;
- (xxii) the assessee may, in a case where show-cause notice under sub-clause (b) of clause (xvi) has been served upon him, furnish his response to the National e-assessment Centre on or before the date and time specified in the notice or within the extended time, if any;
- (xxiii) the National e-assessment Centre shall,—
- (a) in a case where no response to the show-cause notice is received, finalise the assessment as per the draft assessment order, as per the procedure laid down in sub-clause (a) of clause (xvi); or
- (b) in any other case, send the response received from the assessee to the assessment unit;
- (xxiv) the assessment unit shall, after taking into account the response furnished by the assessee, make a revised draft assessment order and send it to the National e-assessment Centre;
- (xxv) the National e-assessment Centre shall, upon receiving the revised draft assessment order,—
- (a) in case no modification prejudicial to the interest of the assessee is proposed with reference to the draft assessment order, finalise the assessment as per the procedure laid down in sub-clause (a) of clause (xvi); or
- (b) in case a modification prejudicial to the interest of the assessee is proposed with reference to the draft assessment order, provide an opportunity to the assessee, by serving a notice as per the procedure laid down in sub-clause (b) of clause (xvi);
- (c) the response furnished by the assessee shall be dealt with as per the procedure laid down in clauses (xxii), (xxiii) and (xxiv);
- (xxvi) the National e-assessment Centre shall, after completion of assessment, 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 Act;\*

- (iii) *where the assessee—*
- (a) *has furnished his return of income under section 139 of the Act or in response to a notice issued under sub-section (1) of 142 of the Act or sub-section (1) of section 148 of the Act, and a notice under sub-section (2) of section 143 of the Act has been issued by the Assessing Officer or the prescribed income-tax authority, as the case may be; or*
  - (b) *has not furnished his return of income in response to a notice issued under sub-section (1) of section 142 of the Act by the Assessing Officer; or*
  - (c) *has not furnished his return of income under sub-section (1) of section 148 of the Act and a notice under sub-section (1) of section 142 of the Act has been issued by the Assessing Officer,*  
*the National e-Assessment Centre shall intimate the assessee that assessment in his case shall be completed under this Scheme.*
- (iv) *the National e-Assessment Centre shall assign the case selected for the purposes of e-assessment under this Scheme to a specific assessment unit in any one Regional e-Assessment Centre through an automated allocation system;*
- (v) *where a case is assigned to the assessment unit, it may make a request to the National e-Assessment Centre for—*
- (a) *obtaining such further information, documents or evidence from the assessee or any other person, as it may specify;*
  - (b) *conducting of certain enquiry or verification by verification unit; and*
  - (c) *seeking technical assistance from the technical unit;*
- (vi) *where a request for obtaining further information, documents or evidence from the assessee or any other person has been made by the assessment unit, the National e-assessment Centre shall issue appropriate notice or requisition to the assessee or any other person for obtaining the information, documents or evidence requisitioned by the assessment unit;*
- (vii) *the assessee or any other person, as the case may be, shall file his response to the notice referred to in clause (vi), within the time specified therein or such time as may be extended on the basis of an application in this regard, to the National e-Assessment Centre;*
- (viii) *where a request for conducting of certain enquiry or verification by the verification unit has been made by the assessment unit, the request shall be assigned by the National e-Assessment Centre to a verification unit in any one Regional e-Assessment Centre through an automated allocation system;*
- (ix) *where a request for seeking technical assistance from the technical unit has been made by the assessment unit, the request shall be*

assigned by the National e-Assessment Centre to a technical unit in any one Regional e-Assessment Centre through an automated allocation system;

- (x) the National e-Assessment Centre shall send the report received from the verification unit or the technical unit, based on the request referred to in clause (viii) or (ix) to the concerned assessment unit;
- (xi) where the assessee fails to comply with the notice referred to in clause (vi) or notice issued under sub-section (1) of section 142 of the Act, or with a direction issued under sub-section (2A) of section 142 of the Act, the National e-Assessment Centre shall serve upon such assessee a notice under section 144 of the Act 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;
- (xii) the assessee shall, within the time specified in the notice referred to in clause (xi) or such time as may be extended on the basis of an application in this regard, file his response to the National e-Assessment Centre;
- (xiii) where the assessee fails to file response to the notice referred to in clause (xi) within the time specified in the notice or within the extended time, if any, the National e-Assessment Centre shall intimate such failure to the assessment unit;
- (xiv) the assessment unit shall, after taking into account all the relevant material available on the record make in writing, a draft assessment order or, in a case where intimation referred to in clause (xiii) is received from the National e-Assessment Centre, 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 such income or sum, and send a copy of such order to the National e-Assessment Centre;
- (xv) the assessment unit shall, while making draft assessment order, provide details of the penalty proceedings to be initiated therein, if any;
- (xvi) the National e-Assessment Centre shall examine the draft assessment 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 assessment, in case no variation prejudicial to the interest of assessee 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 assessee, alongwith the demand notice, specifying the sum payable by, or refund of any amount due to, the assessee on the basis of such assessment; or
  - (b) provide an opportunity to the assessee, in case any variation prejudicial to the interest of assessee is proposed, by serving a

## DIRECTIONS FOR FACELESS ASSESSMENT SCHEME, 2019

- 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 e-Assessment Centre, through an automated allocation system, for conducting review of such order;
- (xvii) the review unit shall conduct review of the draft assessment order, referred to it by the National e-Assessment Centre, whereupon it may decide to—
- (a) concur with the draft assessment order and intimate the National e-Assessment Centre about such concurrence; or
- (b) suggest such variation, as it may deem fit, in the draft assessment order and send its suggestions to the National e-Assessment Centre;
- (xviii) the National e-Assessment Centre shall, upon receiving concurrence of the review unit, follow the procedure laid down in sub-clause (a) or sub-clause (b) of clause (xvi), as the case may be;
- (xix) the National e-Assessment Centre shall, upon receiving suggestions for variation from the review unit, assign the case to an assessment unit, other than the assessment unit which has prepared the draft assessment order, through an automated allocation system;
- (xx) the assessment unit shall, after considering the variations suggested by the review unit, send the final draft assessment order to the National e-Assessment Centre;
- (xxi) the National e-Assessment Centre shall, upon receiving final draft assessment order, follow the procedure laid down in sub-clause (a) or sub-clause (b) of clause (xvi), as the case may be;
- (xxii) the assessee may, in a case where show-cause notice has been served upon him as per the procedure laid down in sub-clause (b) of clause (xvi), furnish his response to the National e-Assessment Centre on or before the date and time specified in the notice or within such time as may be extended on the basis of an application in this behalf;
- (xxiii) the National e-Assessment Centre shall,—
- (a) where no response to the show-cause notice as per clause (xxii) is received,—
- (A) in a case where the draft assessment order or the final draft assessment order is in respect of an eligible assessee and proposes to make any variation which is prejudicial to the interest of such assessee, forward the draft assessment order or final draft assessment order to such assessee; or
- (B) 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, upon the assessee, alongwith 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 any other case, send the response furnished by the assessee to the assessment unit;*

*(xxiv) the assessment unit shall, after taking into account the response furnished by the assessee, as referred to in sub-clause (b) of clause (xxiii), make a revised draft assessment order and send it to the National e-Assessment Centre;*

*(xxv) the National e-Assessment Centre shall, upon receiving the revised draft assessment order,—*

*(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 such assessee proposed in draft assessment order or the final draft assessment order, forward such 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, upon the assessee, alongwith 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;*

*(xxvi) the procedure laid down in clauses (xxiii), (xxiv) and (xxv) shall apply mutatis mutandis to the notice referred to in sub-clause (b) of clause (xxv);*

*(xxvii) where the draft assessment order or final draft assessment order or revised draft assessment order is forwarded to the eligible assessee as per item A of sub-clause (a) of clause (xxiii) or item A of sub-clause (a) of clause (xxv), such assessee shall, within the period specified in sub-section (2) of section 144C of the Act, file his acceptance of the variations to the National e-Assessment Centre;*

*(xxviii) the National e-Assessment Centre shall,—*

*(a) upon receipt of acceptance as per clause (xxvii); or*

(b) if no objections are received from the eligible assessee within the period specified in sub-section (2) of section 144C of the Act,

finalise the assessment within the time allowed under sub-section (4) of section 144C of the Act 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;

(xxix) where the eligible assessee files his objections with the Dispute Resolution Panel, the National e-Assessment Centre shall upon receipt of the directions issued by the Dispute Resolution Panel under sub-section (5) of section 144C of the Act, forward such directions to the concerned assessment unit;

(xxx) the assessment unit shall in conformity of the directions issued by the Dispute Resolution panel under sub-section (5) of section 144C of the Act prepare a draft assessment order in accordance with sub-section (13) of section 144C of the Act and send a copy of such order to the National e-Assessment Centre;

(xxxix) the National e-Assessment Centre shall, upon receipt of draft assessment order referred to in clause (xxx), finalise the assessment within the time allowed under sub-section (13) of section 144C of the Act and serve a copy of such order and notice for initiating penalty proceedings, if any, upon 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;

(xxxixii) the National e-Assessment Centre shall, after completion of assessment, 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 Act.]

(2) Notwithstanding anything contained in sub-paragraph (1), the Principal Chief Commissioner or the Principal Director General, in charge of National e-assessment Centre, may at any stage of the assessment, if considered necessary, transfer the case to the Assessing Officer having jurisdiction over such case, with the prior approval of the Board.

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 e-assessment Centre or Regional e-assessment Centre or any unit set up under the said Scheme.

(2) In a case where a <sup>2b</sup>[variation] is proposed in the draft assessment order <sup>2c</sup>[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 the such draft assessment order <sup>2c</sup>[or final draft assessment order or revised draft

2b. Substituted for "modification" by Notification No. S.O. 742(E), dated 17-2-2021, w.e.f. 17-2-2021.

2c. Inserted, *ibid*

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 under the said Scheme.

(3) The Chief Commissioner or the Director General, in charge of the Regional e-assessment Centre, under which the concerned 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 (vib) of Paragraph 12 of the said Scheme.

(3A) Where the request for personal hearing has been approved by the Chief Commissioner or the Director General, in charge of the Regional e-assessment Centre, such hearing shall be conducted exclusively through video conferencing, including use of any telecommunication application software which supports video telephony, in accordance with the procedure laid down by the Board.

(3B) Subject to the sub-paragraph (2) of paragraph 8 of the said Scheme, 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 of the Act) shall be conducted by an income-tax authority in any unit under the said Scheme, exclusively through video conferencing, including use of any telecommunication application software which supports video telephony in accordance with the procedure laid down by the Board.

(4) The Board shall establish suitable facilities for video conferencing including telecommunication application software which supports video telephony at such locations as may be necessary, so as to ensure that the assessee, or his authorised representative, or any other person referred to in sub-paragraph (2) or sub-paragraph (3B) is not denied the benefit of the said Scheme merely on the consideration that such assessee or his authorised representative, or any other person does not have access to video conferencing at his end." ]

2. The provisions of section 246A of the Act shall apply to appealable orders arising out of assessments made <sup>3</sup>[and penalty imposed] in accordance with <sup>4</sup>[the said Scheme] subject to the following, exceptions, modifications and adaptations, namely: —

"An appeal against an assessment <sup>3</sup>[order, or penalty order] made by the National e-assessment Centre under <sup>4</sup>[the said Scheme] shall lie before the Commissioner (Appeals) having jurisdiction over the jurisdictional Assessing Officer and any reference to the Commissioner (Appeals) in any communication from the National e-assessment Centre shall mean such jurisdictional Commissioner (Appeals)."

3. The provisions of section 140, section 142 and section 282A of the Act shall apply to assessments made in accordance with <sup>4</sup>[the said Scheme] subject to the following, exceptions, modifications and adaptations, namely: —

3. Inserted by Notification No. S.O. 2746(E), dated 13-8-2020, w.e.f. 13-8-2020.

4. Substituted for "the Scheme", *ibid*.



[an electronic record shall be authenticated by—

- (i) the National e-assessment Centre by affixing its digital signature; and
- (ii) the assessee 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.]

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) Any unit may, in the course of assessment proceedings, for non-compliance of any notice, direction or order issued under [the said Scheme] on the part of the assessee or any other person, send recommendation for initiation of any penalty proceedings under Chapter XXI of the Act, against such assessee or any other person, as the case may be, to the National e-assessment Centre, if it considers necessary or expedient to do so.

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

(3) The response to show-cause notice furnished by the assessee or any other person, if any, shall be sent by the National e-assessment Centre to the concerned unit which has made the recommendation for penalty.

(4) The said unit shall, after taking into consideration the response furnished by the assessee or any other person, as the case may be,—

- a. make a draft order of penalty and send a copy of such draft to National e-assessment Centre; or
- b. drop the penalty after recording reasons, under intimation to the National e-assessment Centre.

5. Substituted for the following by Notification No. S.O. 2746(E), dated 13-8-2020, w.e.f. 13-8-2020 :

"an electronic record shall be authenticated by the originator by affixing his digital signature in accordance with the provisions of sub-section (2) of section 3 of the Information Technology Act, 2000 (21 of 2000):

Provided that in case of the originator, being the assessee or any other person, such authentication may also be done by electronic signature or electronic authentication technique in accordance with the provisions of sub-section (2) of section 3A of the said Act."

6. Substituted for "the Scheme", *ibid*.

7. Substituted for "this Scheme", *ibid*.

<sup>8</sup>[(5) *The National e-assessment Centre shall levy the penalty as per the said draft order of penalty and serve a copy of the same along with demand notice on the assessee or any other person, as the case may be, and thereafter transfer electronic records of the penalty proceedings to the Assessing Officer having jurisdiction over the said case for such action as may be required under the Act.*]<sup>9</sup>.

5. The provisions of section 282, section 283 and section 284 of the Act shall apply to assessment made in accordance with <sup>9</sup>[*the said Scheme*] subject to the following, exceptions, modifications and adaptations, namely: —

<sup>10</sup>A (1) Every notice or order or any other electronic communication under <sup>10</sup>[*the said Scheme*] shall 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.

(2) Every notice or order or any other electronic communication under <sup>10</sup>[*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 Assessee shall file his response to any notice or order or any other electronic communication, under <sup>10</sup>[*the said Scheme*], through his registered account, and once an acknowledgement is sent by the National e-assessment 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).

<sup>11</sup>[*B. The Principal Chief Commissioner or the Principal Director General, in charge of the National e-assessment Centre shall, with the prior approval*

8. Substituted by Notification No. S.O. 2746(E), dated 13-8-2020, w.e.f. 13-8-2020. Prior to its substitution, paragraph (5) read as under :

"(5) The National e-assessment Centre shall levy the penalty as per the said draft order of penalty and serve a copy of the same on the assessee or any other person, as the case may be."

9. Substituted for "the Scheme", *ibid*.

10. Substituted for "this Scheme", *ibid*.

11. Substituted, *ibid*. Prior to its substitution, item B read as under :

'B. The Principal Chief Commissioner or the Principal Director General, in charge of the National e-assessment Centre shall lay down the standards, procedures and processes for effective functioning of the National e-assessment Centre, Regional e-assessment Centre and the units set-up under this Scheme, in an automated and mechanised environment, including format, mode, procedure and processes in respect of the following, namely:—

(Contd. on page 18.37)

of the Board, lay down the standards, procedures and processes for effective functioning of the National e-assessment Centre, Regional e-assessment Centres and the 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-proceeding" facility including login account facility, tracking status of assessment, display of relevant details, and facility of download;
- (v) accessing, verification and authentication of information and response including documents submitted during the assessment proceedings;
- (vi) receipt, storage and retrieval of information or documents in a centralised manner;
- (via) circumstances in which provisions of sub-paragraph (1) of paragraph 8 of the said Scheme shall not apply;
- (vib) circumstances in which personal hearing referred to in sub-paragraph (3) of paragraph 11 of the said Scheme shall be approved;
- (vii) general administration and grievance redressal mechanism in the respective Centres and units.]"

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

(Contd. from page 18.36)

- (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 acknowledgement of the response furnished by the person;
- (iv) provision of "e-proceeding" facility including login account facility, tracking status of assessment, display of relevant details, and facility of download;
- (v) accessing, verification and authentication of information and response including documents submitted during the assessment 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.'



# **FACELESS APPEAL SCHEME, 2020**

## ***Arrangement of Paragraphs***

<b>PARA</b>		<b>PAGE</b>
1.	Short title and commencement	18.41
2.	Definitions	18.41
3.	Scope of the Scheme	18.43
4.	Faceless Appeal Centres	18.43
5.	Procedure in appeal	18.44
6.	Penalty proceedings	18.50
7.	Rectification Proceedings	18.50
8.	Appellate Proceedings	18.52
9.	Exchange of communication exclusively by electronic mode	18.52
10.	Authentication of electronic record	18.52
11.	Delivery of electronic record	18.52
12.	No personal appearance in the Centres or Units	18.53
13.	Power to specify format, mode, procedure and processes	18.53



# **FACELESS APPEAL SCHEME, 2020**

**NOTIFICATION S.O. 3296(E), DATED 25-9-2020**

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*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:—*

## **Short title and commencement**

1. (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.

## **Definitions**

2. (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 (h) 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 (r) 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;
- (xxi) "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.

### Scope of the Scheme

3. 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.

### Faceless Appeal Centres

4. (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.

#### **Procedure in appeal**

5. (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 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, 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;

- (xvi) the appeal unit shall review the draft order, referred to it by the National Faceless Appeal Centre, whereupon it may decide to
- concur with the draft order and intimate the National Faceless Appeal Centre about such concurrence; or
  - suggest such variation, as it may deem fit, to the draft order and send its suggestions to the National Faceless Appeal Centre;
- (xvii) the National Faceless Appeal Centre shall, upon receiving concurrence of the appeal unit, finalise the appeal as per the draft order;
- (xviii) 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;
- (xix) the appeal unit, to whom appeal is assigned under clause (xviii), shall, after considering the suggestions for variation —
- where such suggestions intend to enhance an assessment or a penalty or reduce the amount of refund, follow the procedure laid down in clause (xviii) and prepare a revised draft order as per the procedure laid down in clause (xviii); or
  - in any other case, prepare a revised draft order as per procedure laid down in clause (xviii),
- and send the such order to the National Faceless Appeal Centre along with the details of the penalty proceedings, if any, to be initiated therein;
- (xx) 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 (xix), pass the appeal order and—
- communicate such order to the appellant;
  - 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;
  - 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;
  - 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.

**Penalty proceedings**

6. (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
- (b) the National e-Assessment Centre or the Assessing Officer for such action as may be required under the Act.

**Rectification Proceedings**

7. (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.

### **Appellate Proceedings**

8. (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.

### **Exchange of communication exclusively by electronic mode**

9. 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.

### **Authentication of electronic record**

10. 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.

### **Delivery of electronic record**

11. (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).

**No personal appearance in the Centres or Units**

**12.** (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.

**Power to specify format, mode, procedure and processes**

**13.** 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 acknowledgement 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.

# **DIRECTIONS TO GIVE EFFECT TO FACELESS APPEAL SCHEME, 2020**

**NOTIFICATION NO. S.O. 3297(E), DATED 25-9-2020**

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*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;
  - (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 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, 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,



**18.59 DIRECTIONS TO GIVE EFFECT TO FACELESS APPEAL SCHEME, 2020**

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;
- (xxi) 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;

**18.61 DIRECTIONS TO GIVE EFFECT TO FACELESS APPEAL SCHEME, 2020**

(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 (x) 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.'

**18.63 DIRECTIONS TO GIVE EFFECT TO FACELESS APPEAL SCHEME, 2020**

**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 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 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, —

**18.65 DIRECTIONS TO GIVE EFFECT TO FACELESS APPEAL SCHEME, 2020**

- (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 (1) 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.**



# **FACELESS PENALTY SCHEME, 2021**

## ***Arrangement of Paragraphs***

<b>PARA</b>		<b>PAGE</b>
1.	Short title and commencement	18.69
2.	Definitions	18.69
3.	Scope of the Scheme	18.71
4.	Faceless Penalty Centres	18.71
5.	Procedure in penalty	18.73
6.	Rectification Proceedings	18.76
7.	Appellate Proceedings	18.77
8.	Exchange of communication exclusively by electronic mode	18.77
9.	Authentication of electronic record	18.78
10.	Delivery of electronic record	18.78
11.	No personal appearance in the Centres or Units	18.78
12.	Power to specify format, mode, procedure and processes	18.79



# **FACELESS PENALTY SCHEME, 2021**

**NOTIFICATION NO. S.O. 117(E), DATED 12-1-2021**

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*In exercise of the powers conferred by sub-section (2A) of section 274 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby makes the following Scheme, namely:—*

## **Short title and commencement.**

1. (1) This Scheme may be called the Faceless Penalty Scheme, 2021.
- (2) It shall come into force on the date of its publication in the Official Gazette.

## **Definitions.**

2. (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) "assessment unit" means the assessment unit set up under the scheme notified under sub-section (3A) of section 143 of the Act or referred to in section 144B of the Act, as the case may be;
- (iv) "authorised representative" shall have the same meaning as assigned to it in sub-section (2) of section 288 of the Act;
- (v) "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;
- (vi) "Board" means the Central Board of Direct Taxes constituted under the Central Board of Revenues Act, 1963 (54 of 1963);
- (vii) "computer resource" shall have the same meaning as assigned to it in clause (k) of sub-section (1) of section 2 of the Information Technology Act, 2000 (21 of 2000);
- (viii) "computer system" shall have the same meaning as assigned to it in clause (h) of sub-section (1) of section 2 of the Information Technology Act, 2000 (21 of 2000);
- (ix) "computer resource of assessee" shall include assessee's registered account in designated portal of the Income-tax Department, the Mobile App linked to the registered mobile number of the assessee, or the registered email address of the assessee with his email service provider;

- (x) "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);
- (xi) "designated portal" means the web portal designated as such by the Principal Chief Commissioner or Principal Director General, in charge of the National Faceless Penalty Centre;
- (xii) "faceless penalty" means the penalty proceedings conducted electronically in 'e-proceeding' facility through assessee's registered account in designated portal;
- (xiii) "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);
- (xiv) "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;
- (xv) "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);
- (xvi) "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 assessee;
- (xvii) "National Faceless Assessment Centre" shall mean the National e-Assessment Centre set up under the scheme notified under sub-section (3A) of section 143 of the Act or the National Faceless Assessment Centre referred to in section 144B of the Act, as the case may be;
- (xviii) "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);
- (xix) "penalty" means the penalty imposable under the Act;
- (xx) "real time alert" means any communication sent to the assessee, 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;
- (xxi) "Regional Faceless Assessment Centre" shall mean the Regional e-Assessment Centre set up under the scheme notified under sub-section (3A) of section 143 of the Act or the Regional Faceless Assessment Centre referred to in section 144B of the Act, as the case may be;
- (xxii) "registered account" of the assessee means the electronic filing account registered by the assessee in the designated portal;
- (xxiii) "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 the 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;
- (xxiv) "registered mobile number" of the assessee means the mobile number of the assessee, or his authorised representative, appearing in the user profile of the electronic filing account registered by the assessee in the designated portal;
- (xxv) "review unit" means the review unit set up under the scheme notified under sub-section (3A) of section 143 of the Act or referred to in section 144B of the Act, as the case may be;
- (xxvi) "Rules" means the Income-tax Rules, 1962;
- (xxvii) "technical unit" means the technical unit set up under the scheme notified under sub-section (3A) of section 143 of the Act or referred to in section 144B of the Act, as the case may be;
- (xxviii) "verification unit" means the verification unit set up under the scheme notified under sub-section (3A) of section 143 of the Act or referred to in section 144B of the Act, as the case may be;
- (xxix) "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 meaning respectively assigned to them in the Act.

### Scope of the Scheme.

3. The penalty under this Scheme shall be imposed in respect of such territorial area, or persons or class of persons, or income or class of income or cases or class of cases, or penalties or class of penalties as may be specified by the Board.

### Faceless Penalty Centres.

4. (1) For the purposes of this Scheme, the Board may set up—

- (i) a National Faceless Penalty Centre to facilitate the conduct of faceless penalty proceedings in a centralised manner and vest it with the jurisdiction to impose penalty in accordance with the provisions of this Scheme;

- (ii) Regional Faceless Penalty Centres, as it may deem necessary, to facilitate the conduct of faceless penalty proceedings, which shall be vested with the jurisdiction to impose penalty in accordance with the provisions of this Scheme;**
- (iii) penalty units, as it may deem necessary, to facilitate the conduct of faceless penalty proceedings, to perform the function of drafting penalty orders, which includes identification of points or issues for imposition of penalty under the Act, seeking information or clarification on points or issues so identified, providing opportunity of being heard to the assessee or any other person, analysis of the material furnished by the assessee or any other person, and such other functions as may be required for the purposes of imposing penalty;**
- (iv) penalty review units, as it may deem necessary, to facilitate the conduct of faceless penalty proceedings, to perform the functions of review of draft penalty order, which includes checking whether the relevant 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 penalty is to be imposed have been discussed in the draft order, whether the applicable judicial decisions have been considered and dealt with in the draft order, checking arithmetical correctness of computation of penalty, if any, and such other functions as may be required for the purposes of review,**

**and specify their respective jurisdiction.**

**(2) All communication among the penalty unit and penalty review unit or with the assessee or any other person, as the case may be, or any income-tax authority or the National Faceless Assessment Centre, with respect to the information or documents or evidence or any other details as may be necessary for the purposes of imposing penalty under this Scheme, shall be through the National Faceless Penalty Centre.**

**(3) The penalty unit and the penalty review unit shall have the following authorities, namely:—**

- (a) Additional Commissioner or Additional Director or Joint Commissioner or Joint Director, as the case may be;**
- (b) Deputy Commissioner or Deputy Director or Assistant Commissioner or Assistant Director, or Income-tax Officer, as the case may be;**
- (c) such other income-tax authority, ministerial staff, executive or consultant, as may be considered necessary by the Board.**

**(4) The Board for the purposes of this Scheme shall, until the date on which the National Faceless Penalty Centre or the Regional Faceless Penalty Centres, the penalty units or the penalty review units are set up, direct the National Faceless Assessment Centre, Regional Faceless Assessment Centre, assessment unit and review unit to also act as the National Faceless Penalty Centre, Regional Faceless Penalty Centre, the penalty unit and the penalty review unit, respectively.**

**Procedure in penalty.**

5. (1) The penalty in a case referred to in paragraph 3 shall be levied under this Scheme as per the following procedure, namely:—

- (i) where any income-tax authority or the National Faceless Assessment Centre has, in a case,—
  - (a) initiated penalty proceedings and issued a show-cause notice for imposition of penalty; or
  - (b) recommended initiation of penalty proceedings,
 it shall refer such case, in the form specified in clause (viii) of paragraph 12, to the National Faceless Penalty Centre;
- (ii) the National Faceless Penalty Centre shall in a case, where reference has been received as per clause (i), assign such case to a specific penalty unit in any one of the Regional Faceless Penalty Centres through an automated allocation system;
- (iii) where in a case assigned to a penalty unit, initiation of penalty proceedings has been recommended, such unit, after examination of the material available on record, may decide to,—
  - (a) agree with the recommendation and prepare a draft notice calling upon the assessee or any other person, as the case may be, to show cause as to why penalty should not be levied under the relevant provisions of the Act; or
  - (b) disagree with the recommendation, for reasons to be recorded in writing,
 and send such draft notice or the reasons, as the case may be, to the National Faceless Penalty Centre;
- (iv) the National Faceless Penalty Centre shall upon receipt of the draft notice or reasons referred to in clause (iii) from the penalty unit,—
  - (a) serve the show-cause notice, as per the draft referred to in sub-clause (a) of clause (iii), upon the assessee or any other person, as the case may be, specifying the date and time for filing a response; or
  - (b) not initiate penalty in cases referred to in sub-clause (b) of clause (iii);
- (v) where in the case assigned to a penalty unit, penalty proceedings are already initiated, such unit shall prepare a draft notice calling upon the assessee or any other person, as the case may be, to show cause as to why penalty should not be levied under the relevant provisions of the Act and send such notice to the National Faceless Penalty Centre;
- (vi) the National Faceless Penalty Centre shall serve the show-cause notice, as per draft referred to in clause (v), upon the assessee or any other person, as the case may be, specifying the date and time for filing a response;

- (vii) the assessee or any other person, as the case may be, shall file a response to the show-cause notice, referred to in sub-clause (a) of clause (iv) or in clause (vi), 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 Penalty Centre;
- (viii) where response is filed by the assessee or any other person, as the case may be, the National Faceless Penalty Centre shall send such response to the penalty unit, and where no such response is filed, inform the penalty unit;
- (ix) the penalty unit may make a request to the National Faceless Penalty Centre for,—
  - (a) obtaining further information, documents or evidence from any income-tax authority or the National Faceless Assessment Centre; or
  - (b) obtaining further information, documents or evidence from the assessee or any other person; or
  - (c) seeking technical assistance or conducting verification;
- (x) the National Faceless Penalty Centre shall, upon receipt of request, referred to in sub-clause (a) or (b) of clause (ix), issue appropriate notice or requisition to the income-tax authority or the National Faceless Assessment Centre or the assessee or any other person, as the case may be, to submit such information, documents or evidence, as may be specified by the penalty unit, specifying the date and time for furnishing a response;
- (xi) the income-tax authority or the National Faceless Assessment Centre or the assessee or any other person, as the case may be, shall furnish a response to the notice or requisition, as referred to in clause (x), 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 Penalty Centre;
- (xii) where a request for conducting of certain enquiry or verification or seeking technical assistance has been made by the penalty unit, the National Faceless Penalty Unit shall send such request to the National Faceless Assessment Centre specifying a date and time for submitting a report;
- (xiii) where response to notice referred to in clause (x) is filed by the income-tax authority or the National Faceless Assessment Centre or the assessee or any other person, as the case may be, the National Faceless Penalty Centre shall send such response to the penalty unit, and where no such response is filed, inform the penalty unit;
- (xiv) where a report in response to request referred to in clause (xii) is received by the National Faceless Penalty Centre, it shall send such report to the penalty unit, and where no such report is received, inform the penalty unit;
- (xv) the penalty unit shall, after considering the material on record including response furnished, if any, as referred to in clauses (viii) and (xiii) or report, if any, as referred to in clause (xiv), propose for,—
  - (a) imposition of the penalty and prepare a draft order for such imposition of penalty; or
  - (b) non-imposition of the penalty.



for reasons to be recorded in writing and send the proposal along with such draft order or reasons, as the case may be, to the National Faceless Penalty Centre;

(xvi) the National Faceless Penalty Centre shall examine the proposal, as referred to in clause (xv), in accordance with the risk management strategy specified by the Board, including by way of an automated examination tool, whereupon it may decide,—

(a) in a case where imposition of penalty has been proposed, to pass the penalty order as per draft order referred to in sub-clause (a) of clause (xv), and serve a copy thereof upon the assessee or any other person, as the case may be; or

(b) in a case where non-imposition of penalty has been proposed, not to impose penalty under intimation to the assessee or any other person, as the case may be; or

(c) assign the case to a penalty review unit in any one of the Regional Faceless Penalty Centres through an automated allocation system, for conducting review of such proposal;

(xvii) the penalty review unit shall review the proposal of penalty unit, as referred to in clause (xv), whereupon it may concur with, or suggest modification to, such proposal, for reasons to be recorded in writing, and intimate the National Faceless Penalty Centre;

(xviii) where the penalty review unit concurs with the proposal of penalty unit, the National Faceless Penalty Centre shall follow the procedure laid down in sub-clause (a) or sub-clause (b) of clause (xv);

(xix) where the penalty review unit suggests modification to the proposal in sub-clause (a) or sub-clause (b) of clause (xv), the National Faceless Penalty Centre shall assign the case to a specific penalty unit, other than the penalty unit referred to in clause (xv), in any one of the Regional Faceless Penalty Centres through an automated allocation system;

(xx) where the case is assigned to a penalty unit, as referred to in clause (xix), such penalty unit, after considering the material on record including suggestions for modification and reasons recorded by the penalty review unit,—

(a) in a case where the modifications suggested by the penalty review unit are prejudicial to the interest of assessee or any other person, as the case may be, as compared to the proposal of the penalty unit under clause (xv), shall follow the procedure laid down in clauses (v) to (xiv) and prepare a revised draft order for imposition of penalty; or

(b) in a case where the modification are not prejudicial to the interest of assessee or any other person, as the case may be, shall prepare a revised draft order for imposition of penalty; or

(c) may propose non-imposition of penalty, for reasons to be recorded in writing,

and send such order or reasons to the National Faceless Penalty Centre;

- (xxi) upon receipt of revised draft order from the penalty unit, as referred to in clause (xx), the National Faceless Penalty Centre shall pass the penalty order as per such draft and serve a copy thereof upon the assessee or any other person or not impose penalty under intimation to the assessee or any other person, as the case may be;
- (xxii) where in a case, as referred to in sub-clause (a) or (b) of clause (i), the National Faceless Penalty Centre has passed a penalty order, or not initiated or imposed penalty, as the case may be, it shall send a copy of such order or reasons for not initiating or imposing penalty to the income-tax authority, referred to in clause (i) or the National Faceless Assessment Centre, as the case may be, for such action as may be required under the Act.
- (2) Notwithstanding anything contained in sub-paragraph (1), the Principal Chief Commissioner or the Principal Director General, in charge of the National Faceless Penalty Centre, may at any stage of the penalty proceedings, if considered necessary, transfer such proceedings to the income-tax authority or the National Faceless Assessment Centre having jurisdiction over the assessee or any other person, in whose case the penalty proceedings are initiated, with the prior approval of the Board.

**Rectification Proceedings.**

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

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

- (a) assessee or any other person, as the case may be; or
- (b) penalty unit, which prepared the order; or
- (c) penalty review unit, which reviewed the order; or
- (d) income-tax authority; or
- (e) National Faceless Assessment Centre.

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

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

- (a) to the assessee or any other person, as the case may be, where the application has been filed by the authorities referred to in clause (b) or (c) or (d) or (e) of sub-paragraph (2); or

- (b) to the authorities referred to in clause (b) or (c) or (d) or (e) of sub-paragraph (2), where the application has been filed by the assessee or any other person, as the case may be, and

send the notice to the National Faceless Penalty Centre.

(5) The National Faceless Penalty Centre shall serve the notice, as per draft referred to in sub-paragraph (4), upon the assessee or any other person, as the case may be, or authorities referred to in clause (b) or (c) or (d) or (e) of sub-paragraph (2) to show cause as to why rectification of mistake should not be carried out under the relevant provisions of the Act, specifying the date and time for filing a response.

(6) The response to the show-cause notice referred to in paragraph (5) shall be furnished within the specified date and time or such extended time as may be allowed on the basis of application made in this behalf, to the National Faceless Penalty Centre.

(7) Where a response, as referred to in sub-paragraph (6), is filed, the National Faceless Penalty Centre shall send such response to the penalty unit, or where no such response is filed, inform the penalty unit.

(8) The penalty unit shall, after taking into consideration the response, if any, referred to in sub-paragraph (7), prepare a draft order,—

(a) for rectification of the mistake; or

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

and send the order to the National Faceless Penalty Centre.

(9) The National Faceless Penalty 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 to,—

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

(b) the National Faceless Assessment Centre or the income-tax authority having jurisdiction over the case, for such action as may be required under the Act.

### **Appellate Proceedings.**

7. An appeal against a penalty order made by the National Faceless Penalty Centre under this Scheme shall lie before the Commissioner (Appeals) having jurisdiction over the jurisdictional income-tax authority or before the National Faceless Appeal Centre, as the case may be; and any reference to the Commissioner (Appeals) in any communication from the National Faceless Penalty Centre shall mean such jurisdictional Commissioner (Appeals) or the National Faceless Appeal Centre, as the case may be.

### **Exchange of communication exclusively by electronic mode.**

8. (1) For the purposes of this Scheme,—

- (a) all communications between the National Faceless Penalty Centre and the assessee or any other person, as the case may be, or his authorised representative, shall be exchanged exclusively by electronic mode; and

- (b) all internal communications between the National Faceless Penalty Centre, National Faceless Assessment Centre, Regional Faceless Penalty Centres, any income-tax authority, the penalty unit or the penalty review unit shall be exchanged exclusively by electronic mode.

**Authentication of electronic record.**

9. For the purposes of this Scheme, an electronic record shall be authenticated by the,—

- (i) National Faceless Penalty Centre by affixing its digital signature;
- (ii) assessee 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.

**Delivery of electronic record.**

10. (1) Every notice or order or any other electronic communication under this Scheme shall be delivered to the addressee, being the assessee or any other person, by way of,—

- (a) placing an authenticated copy thereof in the assessee’s or any other person’s registered account, as the case may be; or
- (b) sending an authenticated copy thereof to the registered email address of the assessee or any other person, as the case may be, or his authorised representative; or
- (c) uploading an authenticated copy on the assessee’s or any other person’s Mobile App, as the case may be, 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 assessee or any other person, as the case may be, 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 Penalty 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).

**No personal appearance in the Centres or Units.**

11. (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

## **18.79 POWER TO SPECIFY FORMAT, MODE, PROCEDURE AND PROCESSES Para 12**

income-tax authority at the National Faceless Penalty Centre or Regional Faceless Penalty Centre or penalty unit or penalty review unit set up under this Scheme.

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

(3) The Chief Commissioner or the Director General, in charge of the Regional Faceless Penalty Centre, under which the concerned penalty unit is set up, may approve the request for personal hearing, as referred to in sub-paragraph (2), if he is of the opinion that the request is covered by the circumstances laid down under clause (ix) of paragraph 12.

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

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

### **Power to specify format, mode, procedure and processes.**

**12.** The Principal Chief Commissioner or the Principal Director General, in charge of the National Faceless Penalty Centre shall, with the approval of Board, lay down the standards, procedures and processes for effective functioning of the National Faceless Penalty Centre, the Regional Faceless Penalty Centre, the penalty unit and the penalty review 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 acknowledgement of the response furnished by the person;
- (iv) provision of "e-proceedings" facility including login account facility, tracking status of penalty proceedings, display of relevant details, and facility of download;
- (v) accessing, verification and authentication of information and response including documents submitted during the penalty 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) form for referring a case, in which penalty has been initiated or initiation of penalty has been recommended, as referred to in clause (i) of sub-paragraph (1) of paragraph 5 and
- (ix) circumstances in which personal hearing may be approved as per sub-paragraph (3) of paragraph 11.

# **DIRECTIONS TO GIVE EFFECT TO FACELESS PENALTY SCHEME, 2021**

**NOTIFICATION NO. S.O. 118(E), DATED 12-1-2021**

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*In exercise of the powers conferred by sub-section (2B) of section 274 of the Income-tax Act, 1961 (43 of 1961), for the purposes of giving effect to the Faceless Penalty Scheme, 2021 made under sub-section (2A) of section 274 of the said Act, the Central Government hereby makes the following directions, namely:—*

1. The provisions of section 2, section 120, section 127, section 129, section 131, section 133, section 133C, section 136 and Chapter XXI of the said Act shall apply to the procedure for imposing penalty in accordance with the said Scheme subject to the following exceptions, modifications and adaptations, namely:—

**“(A). (1) The penalty shall be levied under the said Scheme as per the following procedure, namely:—**

(i) where any income-tax authority or the National Faceless Assessment Centre has, in a case,—

(a) initiated penalty proceedings and issued a show-cause notice for imposition of penalty; or

(b) recommended initiation of penalty proceedings,

it shall refer such case, in the form specified in clause (viii) of sub-paragraph (B) of paragraph 4, to the National Faceless Penalty Centre;

(ii) the National Faceless Penalty Centre shall in a case, where reference has been received as per clause (i), assign such case to a specific penalty unit in any one of the Regional Faceless Penalty Centres through an automated allocation system;

(iii) where in a case assigned to a penalty unit, initiation of penalty proceedings has been recommended, such unit, after examination of the material available on record, may decide to,—

(a) agree with the recommendation and prepare a draft notice calling upon the assessee or any other person, as the case may be, to show cause as to why penalty should not be levied under the relevant provisions of the Act; or

(b) disagree with the recommendation, for reasons to be recorded in writing,

and send such draft notice or the reasons, as the case may be, to the National Faceless Penalty Centre;

- (iv) the National Faceless Penalty Centre shall upon receipt of the draft notice or reasons referred to in clause (iii) from the penalty unit,—
- (a) serve the show-cause notice, as per the draft referred to in sub-clause (a) of clause (iii), upon the assessee or any other person, as the case may be, specifying the date and time for filing a response; or
  - (b) not initiate penalty in cases referred to in sub-clause (b) of clause (iii);
- (v) where in the case assigned to a penalty unit, penalty proceedings are already initiated, such unit shall prepare a draft notice calling upon the assessee or any other person, as the case may be, to show cause as to why penalty should not be levied under the relevant provisions of the Act and send such notice to the National Faceless Penalty Centre;
- (vi) the National Faceless Penalty Centre shall serve the show-cause notice, as per draft referred to in clause (v), upon the assessee or any other person, as the case may be, specifying the date and time for filing a response;
- (vii) the assessee or any other person, as the case may be, shall file a response to the show-cause notice, referred to in sub-clause (a) of clause (iv) or in clause (vi), 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 Penalty Centre;
- (viii) where response is filed by the assessee or any other person, as the case may be, the National Faceless Penalty Centre shall send such response to the penalty unit, and where no such response is filed, inform the penalty unit;
- (ix) the penalty unit may make a request to the National Faceless Penalty Centre for—
- (a) obtaining further information, documents or evidence from any income-tax authority or the National Faceless Assessment Centre; or
  - (b) obtaining further information, documents or evidence from the assessee or any other person; or
  - (c) seeking technical assistance or conducting verification;
- (x) the National Faceless Penalty Centre shall, upon receipt of request, referred to in sub-clause (a) or (b) of clause (ix), issue appropriate notice or requisition to the income-tax authority or the National Faceless Assessment Centre or the assessee or any other person, as the case may be, to submit such information, documents or evidence, as may be specified by the penalty unit, specifying the date and time for furnishing a response;
- (xi) the income-tax authority or the National Faceless Assessment Centre or the assessee or any other person, as the case may be, shall furnish a response to the notice or requisition, as referred to in clause (x), 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 Penalty Centre;



**18.83 DIRECTIONS TO GIVE EFFECT TO FACELESS PENALTY SCHEME, 2021**

- (xii) where a request for conducting of certain enquiry or verification or seeking technical assistance has been made by the penalty unit, the National Faceless Penalty Unit shall send such request to the National Faceless Assessment Centre specifying a date and time for submitting a report;
- (xiii) where response to notice referred to in clause (x) is filed by the income-tax authority or the National Faceless Assessment Centre or the assessee or any other person, as the case may be, the National Faceless Penalty Centre shall send such response to the penalty unit, and where no such response is filed, inform the penalty unit;
- (xiv) where a report in response to request referred to in clause (xii) is received by the National Faceless Penalty Centre, it shall send such report to the penalty unit, and where no such report is received, inform the penalty unit;
- (xv) the penalty unit shall, after considering the material on record including response furnished, if any, as referred to in clauses (viii) and (xiii) or report, if any, as referred to in clause (xiv), propose for,—
  - (a) imposition of the penalty and prepare a draft order for imposition of penalty; or
  - (b) non-imposition of the penalty;for reasons to be recorded in writing and send the proposal along with such draft order or reasons, as the case may be, to the National Faceless Penalty Centre;
- (xvi) the National Faceless Penalty Centre shall examine the proposal, as referred to in clause (xv), in accordance with the risk management strategy specified by the Board, including by way of an automated examination tool, whereupon it may decide,—
  - (a) in a case where imposition of penalty has been proposed, to pass the penalty order as per draft order referred to in sub-clause (a) of clause (xv), and serve a copy thereof upon the assessee or any other person, as the case may be; or
  - (b) in a case where non-imposition of penalty has been proposed, not to impose penalty under intimation to the assessee or any other person, as the case may be; or
  - (c) assign the case to a penalty review unit in any one of the Regional Faceless Penalty Centres through an automated allocation system, for conducting review of such proposal;
- (xvii) the penalty review unit shall review the proposal of penalty unit, as referred to in clause (xv), whereupon it may concur with, or suggest modification to, such proposal, for reasons to be recorded in writing, and intimate the National Faceless Penalty Centre;
- (xviii) where the penalty review unit concurs with the proposal of penalty unit, the National Faceless Penalty Centre shall follow the procedure laid down in sub-clause (a) or sub-clause (b) of clause (xvi);
- (xix) where the penalty review unit suggests modification to the proposal in sub-clause (a) or sub-clause (b) of clause (xv), the National Faceless Penalty

Centre shall assign the case to a specific penalty unit, other than the penalty unit referred to in clause (xv), in any one of the Regional Faceless Penalty Centres through an automated allocation system;

(xx) where the case is assigned to a penalty unit, as referred to in clause (xix), such penalty unit after considering the material on record including suggestions for modification and reasons recorded by the penalty review unit, —

(a) in a case where the modifications suggested by the penalty review unit are prejudicial to the interest of assessee or any other person, as the case may be, as compared to the proposal of the penalty unit under clause (xv), shall follow the procedure laid down in clauses (v) to (xiv) and prepare a revised draft order for imposition of penalty; or

(b) in a case where the modification are not prejudicial to the interest of assessee or any other person, as the case may be, shall prepare a revised draft order for imposition of penalty; or

(c) may propose non-imposition of penalty, for reasons to be recorded in writing,

and send such order or reasons to the National Faceless Penalty Centre;

(xxi) upon receipt of revised draft order from the penalty unit, as referred to in clause (xx), the National Faceless Penalty Centre shall pass the penalty order as per such draft and serve a copy thereof upon the assessee or any other person or not impose penalty under intimation to the assessee or any other person, as the case may be;

(xxii) where in a case, as referred to in sub-clause (a) or (b) of clause (i), the National Faceless Penalty Centre has passed a penalty order, or not initiated or imposed penalty, as the case may be, it shall send a copy of such order or reasons for not initiating or imposing penalty to the income-tax authority, referred to in clause (i) or the National Faceless Assessment Centre, as the case may be, for such action as may be required under the Act.

(2) Notwithstanding anything contained in sub-paragraph (1), the Principal Chief Commissioner or the Principal Director General, in charge of National Faceless Penalty Centre, may at any stage of the penalty proceedings, if considered necessary, transfer such proceedings to the income-tax authority or National Faceless Assessment Centre having jurisdiction over the assessee or any other person, in whose case the penalty proceedings are initiated, with the prior approval of the Board.

(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 Penalty Centre or Regional Faceless Penalty Centre or penalty unit or penalty review unit set up under the said Scheme.

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

**18.85 DIRECTIONS TO GIVE EFFECT TO FACELESS PENALTY SCHEME, 2021**

(3) The Chief Commissioner or the Director General, in charge of the Regional Faceless Penalty Centre, under which the concerned penalty unit is set up, may approve the request for personal hearing, as referred to in sub-paragraph (2), if he is of the opinion that the request is covered by the circumstances laid down under clause (ix) of sub-paragraph (B) of paragraph 4.

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

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

(C). The provision of section 246A of the said Act shall apply to appealable orders arising out of penalty imposed in accordance with the said Scheme subject to the following exceptions, modifications and adaptations, namely:—

“An appeal against a penalty order made by the National Faceless Penalty Centre under the said Scheme shall lie before the Commissioner (Appeals) having jurisdiction over the jurisdictional income-tax authority or before the National Faceless Appeal Centre, as the case may be; and any reference to the Commissioner (Appeals) in any communication from the National Faceless Penalty Centre shall mean such jurisdictional Commissioner (Appeals) or the National Faceless Appeal Centre, as the case may be.

2. The provisions of section 140 and section 282A of the said Act shall apply to the penalty 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 Penalty Centre by affixing its digital signature;
- (ii) the assessee 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 purposes 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 said 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 on the record, the National Faceless Penalty Centre may, by an order to be passed in writing, amend any order passed by it under the said Scheme.

(2) Subject to the other provisions of the said scheme, an application for rectification of mistake, as referred to in sub-paragraph (1), may be filed with the National Faceless Penalty Centre by the, —

- (a) assessee or any other person, as the case may be; or
- (b) penalty unit, which prepared the order; or
- (c) penalty review unit, which reviewed the order; or
- (d) income-tax authority; or
- (e) National Faceless Assessment Centre.

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

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

- (a) to the assessee or any other person, as the case may be, where the application has been filed by the authorities referred to in clause (b) or (c) or (d) or (e) of sub-paragraph (2); or
- (b) to the authorities referred to in clause (b) or (c) or (d) or (e) of sub-paragraph (2), where the application has been filed by the assessee or any other person, as the case may be, and

send the notice to the National Faceless Penalty Centre.

(5) The National Faceless Penalty Centre shall serve the notice, as per draft referred to in sub-paragraph (4), upon the assessee or any other person, as the case may be, or authorities referred to in clause (b) or (c) or (d) or (e) of sub-paragraph (2) to show cause as to why rectification of mistake should not be carried out under the relevant provisions of the Act, specifying the date and time for filing a response.

(6) The response to the show-cause notice referred to in paragraph (5) shall be furnished within the specified date and time or such extended time as may be allowed on the basis of application made in this behalf, to the National Faceless Penalty Centre.

(7) Where a response, as referred to in sub-paragraph (6), is filed, the National Faceless Penalty Centre shall send such response to the penalty unit, or where no such response is filed, inform the penalty unit.

(8) The penalty unit shall, after taking into consideration the response, if any, referred to in sub-paragraph (7), prepare a draft order,-

- (a) for rectification of the mistake; or
- (b) for rejection of application for rectification, citing reasons thereof.

and send the order to the National Faceless Penalty Centre.

(9) The National Faceless Penalty 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 to,—

**18.87 DIRECTIONS TO GIVE EFFECT TO FACELESS PENALTY SCHEME, 2021**

- (a) the assessee or any other person, as the case may be; and
- (b) the National Faceless Assessment Centre or the income-tax authority having jurisdiction over the case for such action as may be required under the Act;".

4. The provisions of section 282, section 283 and section 284 of the said 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 assessee or any other person, by way of,—

- (a) placing an authenticated copy thereof in the assessee's or any other person's registered account, as the case may be; or
- (b) sending an authenticated copy thereof to the registered email address of the assessee or any other person, as the case may be, or his authorised representative; or
- (c) uploading an authenticated copy on the assessee's or any other person's Mobile App, as the case may be, 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 assessee or any other person, as the case may be, 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 Penalty 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 Penalty Centre shall, with the approval of Board, lay down the standards, procedures and processes for effective functioning of the National Faceless Penalty Centre, the Regional Faceless Penalty Centre, the penalty unit and the penalty review 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 acknowledgement of the response furnished by the person;

- (iv) provision of "e-proceedings" facility including login account facility, tracking status of penalty proceedings, display of relevant details, and facility of download;
  - (v) accessing, verification and authentication of information and response including documents submitted during the penalty 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) form for referring a case, in which penalty has been initiated or initiation of penalty has been recommended, as referred to in clause (i) of sub-paragraph (1) of paragraph 5 of the said Scheme, and
  - (ix) circumstances in which personal hearing may be approved as per sub-paragraph (3) of paragraph 11 of the said Scheme."
5. This notification shall come into force on the date of its publication in the Official Gazette.

**DIVISION 19****SUKANYA SAMRIDDHI  
ACCOUNT SCHEME,  
2019*****Arrangement of Paragraphs***

<b>PARA</b>		<b>PAGE</b>
1.	Short title and commencement	19.3
2.	Definitions	19.3
3.	Opening of account	19.4
4.	Deposits	19.4
5.	Interest on deposit	19.5
6.	Operation of account	19.5
7.	Premature closure of account	19.5
8.	Withdrawal	19.5
9.	Closure on maturity	19.6
10.	Application of General Rules	19.6
11.	Power to relax	19.6
FORM 1	: Application for opening an account	19.7
FORM 2	: Application for premature closure of account	19.9
FORM 3	: Application for Withdrawal	19.10
FORM 4	: Application for closure of account	19.12





# **SUKANYA SAMRIDDHI ACCOUNT SCHEME, 2019**

**NOTIFICATION NO. G.S.R. 914(E), DATED 12-12-2019**

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*In exercise of the powers conferred by section 3A of the Government Savings Promotion Act, 1873 (5 of 1873), the Central Government hereby makes the following Scheme, namely:—*

## **Short title and commencement**

1. (1) This Scheme may be called the Sukanya Samriddhi Account Scheme, 2019.
- (2) It shall come into force on the date of its publication in the Official Gazette.

## **Definitions**

2. (1) In this Scheme, unless the context otherwise requires,—
  - (a) "account" means an account opened under this Scheme;
  - (b) "account holder" means a girl child in whose name the account is held;
  - (c) "Act" means the Government Savings Promotion Act, 1873 (5 of 1873);
  - (d) "birth certificate" means birth certificate issued by the municipal authority or any office authorised to issue birth and death certificate by the Registrar of Births and Deaths or the Indian Consulate as defined in clause (d) of sub-section (1) of section 2 of the Citizenship Act, 1955 (57 of 1955);
  - (e) "family" means a unit consisting of a person and his spouse (both or either of whom are alive or deceased) and their children, adopted or otherwise;
  - (f) "financial year" means the period commencing on the 1st day of April and ending on the 31st day of March of the following year;
  - (g) "Form" means forms appended to this Scheme;
  - (h) "General Rules" means the Government Savings Promotion General Rules, 2018;
  - (i) "maturity" means maturity of an account on completion of a period of twenty-one years from the date of its opening.

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

**Opening of account**

3. (1) The account may be opened by one of the guardian in the name of a girl child, who has not attained the age of ten years as on the date of opening of the account.

(2) Every account holder shall have a single account under this Scheme.

(3) The application in Form-1 for opening an account shall be accompanied by birth certificate of the girl child in whose name the account is to be opened, along with required documents of guardian.

(4) An account under this Scheme may be opened for a maximum of two girl children in one family:

**Provided** that more than two accounts may be opened in a family if such children are born in the first or in the second order of birth or in both, on submission of an affidavit by the guardian supported with birth certificates of the twins/triplets regarding the birth of such multiple girl children in the first two orders of birth in a family:

**Provided further** that the above proviso shall not apply to girl child of the second order of birth, if the first order of birth in the family results in two or more surviving girl children.

**Deposits**

4. (1) The account may be opened with a minimum initial deposit of two hundred and fifty rupees and in multiples of fifty rupees thereafter and subsequent deposits shall be in multiples of fifty rupees subject to the condition that a minimum of two hundred and fifty rupees shall be made as deposit in a financial year in one account.

(2) The total amount deposited in an account shall not exceed one lakh fifty thousand rupees in a financial year:

**Provided** that the deposit in excess of one lakh fifty thousand rupees in any financial year, if accepted due to any accounting error, shall not be eligible for any interest and be returned immediately to the depositor.

(3) Deposits may be made in the account till the completion of a period of fifteen years from the date of opening of the account.

(4) An account in which minimum amount as specified in sub-paragraph (1) has not been deposited shall be considered as an account under default:

**Provided** that an account under default may be regularised any time till completion of a period of fifteen years from the date of opening of account on payment of a penalty of fifty rupees for each year of default along with the minimum annual deposit in respect of the defaulted years.

(5) In case of an account under default, if not regularised within the time specified under sub-paragraph (4), then the whole deposit, including the deposits made prior to the date of default, shall be eligible for interest at the rate applicable to the Scheme till closure of the account.

**Interest on deposit**

5. *[(1) The deposits made in the account between 12th December, 2019 to 31st March, 2020 (both days inclusive) and the balances at the credit of the account shall earn interest at the rate of 8.4 per cent per annum.*

*(1A) The deposits made in the account on or after the 1st day of April, 2020 and the balances at the credit of the account shall earn interest at the rate of 7.6 per cent per annum.]*

(2) The interest shall be calculated for the calendar month on the lowest balance in the account between the close of the fifth day and the end of the month. The interest shall be credited to the account at the end of each financial year and any amount of interest in fraction of a rupee shall be rounded off to the nearest rupee and for this purpose any amount of fifty paise or more shall be treated as one rupee and any amount less than fifty paise shall be ignored.

(3) Interest shall be credited at the end of the financial year irrespective of the change of the account office due to transfer of the account during the financial year.

**Operation of account**

6. (1) The account shall be operated by the guardian till the account holder attains the age of eighteen years. The account shall be operated by the account holder herself after attaining age of eighteen years by submitting necessary documents.

**Premature closure of account**

7. (1) In the event of death of the account holder, the account shall be closed immediately on application in Form-2, on production of death certificate issued by the competent authority and the balance at the credit of the account and interest due thereon till the date of death shall be paid to the guardian.

(2) Interest for the period between the date of death of the account holder and date of closure of the account shall be paid at the rate applicable on Post Office Savings Account for the balance held in the account.

(3) Where the accounts office is satisfied that in case of extreme compassionate grounds such as medical support in life-threatening diseases of the account holder or death of the guardian that the operation or continuation of the account is causing undue hardship to the account holder, it may, after complete documentation establishing the grounds for such closure, by order and for reasons to be recorded in writing, allow premature closure of the account. Outstanding balance in the account with interest due as applicable to the Scheme shall be paid to the account holder or guardian, as the case may be:

**Provided that no premature closure of an account under this sub-paragraph shall be made before completion of five years from the date of opening of the account.**

**Withdrawal**

8. (1) On an application in Form-3, withdrawal of upto a maximum of fifty per cent of the amount in the account at the end of the financial year preceding the

1. Sub-paragraphs (1) and (1A) substituted for sub-paragraph (1) by the Sukanya Samriddhi Account (Amendment) Scheme, 2020, w.r.e.f. 1-4-2020. Prior to its substitution, sub-paragraph (1) read as under :

**“(1) Deposits in the account shall earn interest at the rate 8.4 per cent per annum.”**

year of application for withdrawal, shall be allowed for the purpose of education of the account holder:

**Provided** that such withdrawal shall be allowed after the account holder attains the age of eighteen years or has passed tenth standard, whichever is earlier.

(2) The application for withdrawal under sub-paragraph (1) shall be accompanied by documentary proof in the form of a confirmed offer of admission of the account holder in an educational institution or a fee-slip from such institution indicating such financial requirement.

(3) The withdrawal under sub-paragraph (1) may be made in one lump sum or in instalments, not exceeding one per year, for a maximum of five years, subject to the ceiling specified in sub-paragraph (1):

**Provided** that the amount of withdrawal shall be restricted to the actual requirement on account of fee and other charges required at the time of admission as shown in the offer of admission or the relevant fee-slip issued by the educational institution.

#### **Closure on maturity**

9. (1) The account shall mature on completion of a period of twenty-one years from the date of its opening.

(2) The closure of the account may also be permitted before completion of twenty-one years if the account holder on an application makes a request for such closure for the reason of intended marriage of the account holder on furnishing of a declaration duly signed on non-judicial stamp paper attested by the notary supported with proof of age confirming that the applicant will not be less than eighteen years of age on the date of marriage:

**Provided** that no such closure shall be allowed before one month from the date of the intended marriage or after three months from the date of marriage.

(3) On an application in Form-4 by the account holder, the balance outstanding along with interest as applicable under paragraph 5 shall be payable to the account holder.

#### **Application of General Rules**

10. Provisions of the General Rules shall, so far as may be, apply in relation to the matters for which no provisions have been made in this Scheme.

#### **Power to relax**

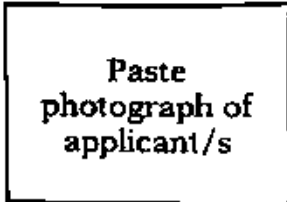
11. Where the Central Government is satisfied that the operation of any of the provisions of this Scheme causes undue hardship to the account holder, it may, by order and for reasons to be recorded in writing, relax the requirement of that provision or provisions in respect of such account holder, in a manner not inconsistent with the provisions of the Act.

FORM 1

[ See sub-paragraph (3) of paragraph 3 ]

(Application for opening an account)

To  
The Postmaster/Manager



Sir,

I ..... (Applicant/guardian) hereby apply for opening of an account under ..... Sukanya Samriddhi Account Scheme in your Post Office/Bank.

I tender herewith Rs...../- (Rupees.....) in cash/Cheque/DD No. .... date..... as initial deposit. My particulars are as under:-

1. Name of the Depositor.....

Date of Birth .....  
(DD/MM/YYYY )  
(In words).....

2. Name of Guardian .....

Husband/Father/Mother's name

Date of Birth .....  
(DD/MM/YYYY )  
(In words).....

3. Aadhaar Number of guardian

4. Permanent Account Number (PAN) of guardian

5. Present Address .....

Permanent Address .....

6. Contact details

Telephone Number.....  
Mobile Number.....  
Email ID.....

7. Type of Account Minor

## 8. (\*) Details of Birth Certificate of the depositor

(a) Certificate No.

(b) Date of Issue

(c) Issuing authority

9. Details of other KYC documents attached :

1. Proof of identification

2. Address proof

(The following documents are accepted as valid documents for the purpose of identification and address proof: 1. Passport 2. Driving license 3. Voter's ID card 4. Job card issued by NREGA signed by the State Government Officer 5. Letter issued by the National Population Register containing details of name and address:

10. The operation of the account will be:—

(a) By the Guardian till the depositor attains majority.

(b) By the depositor herself on attaining majority.

## 11. Specimen Signatures

1..... 2..... 3.....

(Name).....

I hereby declare that I have not opened a Sukanya Samriddhi Account in the name of the depositor mentioned at serial number 1 in any of the Post Office/Bank in the country.

I further declare that I and the depositor both are Resident Citizens of India and undertake to inform the account office of any change in our residency/citizenship status in future.

I hereby undertake to abide by the scheme provisions and Government Savings Promotion Rules, 2018 applicable on the Scheme and amendments issued thereto from time to time.

Signature or thumb impression of guardian

Date:.....

**Nomination**

17. I..... hereby nominate the person(s) mentioned below to whom to the exclusion of all other persons in the event of my death the amount standing to my credit in ..... (Name of Scheme) at the time of my death would be payable.

S. No.	Name(s) of the nominee(s) and relationship	Full address	Aadhar number of nominee (if any)	Date of birth of nominee in case of minor	Share of entitlement	Nature of entitlement trustee or owner
1						
2						
3						
4						

As the nominee(s) at Serial No.(s)..... specified above is/are minor(s), I appoint Shri/Smt./Kumari ..... S/o, D/o, W/o ..... Address.....

.....to receive the sum due under the said account in the event of my death during the minority of the nominee(s).

1. Signature of witness.....

Name & Address.....

2. Signature of witness.....

Name & Address.....

Signature or thumb impression of guardian

Place:

Date:

#### For use of Post Office/Bank

The account has been opened in the name of ..... on ..... with initial deposit of Rs..... with Account No. .... dated .....

Customer Identification Number.....

Nomination has been registered vide No. .... dated .....

Signature and seal of competent authority.

#### FORM 2

[See sub-paragraph (1) of paragraph 7]

(Application for premature closure of account)

To

The Postmaster/Manager

Sir,

1. I wish to prematurely close my Account No.....having balance of ..... (Rupees.....only) and request you to pay the amount after deduction of applicable penalty as per details given below:—

Please Credit the amount to my SB Account No.....standing at.....(Name of Account office).

or

Please issue a Demand Draft/account payee cheque

or

Please pay in cash (applicable if the amount is below permissible limit)

3. I hereby declare that the provisions under which the account can be closed before maturity have been complied with.

Necessary documents as applicable are attached as under:—

- 1.
- 2.

\*Certified that the amount sought to be withdrawn/loan to be availed is required for the use of ..... who is alive and still a Minor.

Date:..... Signature or thumb impression of depositor/guardian

(Thumb impression of the depositor should be attested by a person known to the accounts office)

**For office use only**

**Payment detail**

Eligible balance in Account Rs. ....

Less Penalty amount Rs. ....

Total Amount to be paid Rs. .... (In figures)

(In words).....

Date Stamp.....

Signature of Postmaster/Manager

**Acquittance**

(To be filled by account holder/messenger)

Received Rs. .... (In figures) Rupees ..... (in words) By cash/cheque/DD bearing No. .... dated ...../by transfer to Account No.....

Date:

Signature/thumb impression of depositor/guardian

**FORM 3**

[ See sub-paragraph (1) of paragraph 8]

**(Application for Withdrawal)**

To  
The Postmaster/Manager

.....  
.....



Sir,

I ..... (Depositor/guardian) hereby apply for withdrawal from my account as per details below:—

Account Number:.....

Amount of withdrawal applied.....

\*Certified that the amount sought to be withdrawn to be availed is required for the use of ..... who is alive and still a Minor.

2. Please Credit the amount of withdrawal to my SB Account No.....standing at.....(Name of Account office).

or

Please issue a Demand Draft/account payee cheque

or

Please pay in cash (applicable if the amount is below permissible limit of cash payment).

3. I certify that all the conditions applicable under scheme for grant of withdrawal have been complied with.

Necessary documents as applicable are attached as under.—

1.

2.

Date: .....

Signature or thumb impression of depositor/guardian

.....

Attested By.....

(Attestation is applicable in case of thumb impression)

**For office use only****Payment detail**

Amount available in Account Rs. ....

Date of Initial Subscription.....

Date on which last withdrawal was allowed.....

Total Amount granted for withdrawal Rs. ....(In figures)

(In words).....

Date Stamp .....

Signature of Postmaster/Manager

.....

**Acquittance**

(To be filled by depositor)

Received Rs. ....(In figures) Rupees .....(in words) By cash/cheque/DD bearing

No.....dated...../by transfer to Account No.....

Date:

Signature/thumb impression of depositor/guardian

## FORM 4

[ See sub-paragraph (3) of paragraph 9 ]

**(Application for closure of account)**

Name of Post Office/Bank.....

Date.....

Account Number.....

1. I hereby submit passbook/deposit receipt book and apply for closure of my above-mentioned account.

2. Please Credit the amount of eligible balance in my matured account to my SB Account No.....standing at.....(Name of Account office).

or

Please issue a Demand Draft/account payee cheque

or

Please pay in cash (applicable if the amount is below permissible limit).

\*Certified that the amount sought to be withdrawn/loan to be availed is required for the use of .....who is alive and still a Minor.

Signature or thumb impression of depositor/guardian

(Thumb impression should be attested by a person known to Accounts office)

**Payment Order**

(For office use only)

Date.....

**Payment detail**

Principal amount Rs.....

(+ ) Interest due Rs.....

(- ) **Recovery of overpaid interest Rs.....**

Deduction if any Rs.....

Total Amount due Rs.....

Pay Rs.....(in figures).....(in words)

Date:

Signature of Postmaster/Manager

**Acquittance**

(To be filled by depositor)

Received Rs .....(In figures).....(in words) By cash/cheque/DD bearing No.....dated...../by transfer to Account No.....

Date:

Signature/thumb impression of depositor/guardian

**DIVISION 20****SENIOR CITIZENS' SAVINGS  
SCHEME, 2019*****Arrangement of Paragraphs***

<b>PARA</b>		<b>PAGE</b>
1.	Short title and commencement	20.3
2.	Definitions	20.3
3.	Opening of account	20.3
4.	Deposit	20.4
5.	Interest on deposit	20.4
6.	Premature closure of account	20.5
7.	Closure of account	20.6
8.	Extension after maturity	20.6
9.	Application of General Rules	20.6
10.	Power to relax	20.6
FORM 1	: Application for opening an account	20.7
FORM 2	: Application for premature closure of account	20.9
FORM 3	: Application for closure of account	20.10
FORM 4	: Application for extension of account	20.11



# **SENIOR CITIZENS' SAVINGS SCHEME, 2019**

**NOTIFICATION NO. G.S.R. 916(E), DATED 12-12-2019**

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*In exercise of the powers conferred by section 3A and section 15 of the Government Savings Promotion Act, 1873 (5 of 1873), the Central Government hereby makes the following Scheme, namely:—*

## **Short title and commencement**

1. (1) This Scheme may be called the Senior Citizens' Savings Scheme, 2019.
- (2) It shall come into force on date of its publication in the Official Gazette.

## **Definitions**

2. (1) In this Scheme, unless the context otherwise requires,—

- (a) "account" means an account opened under this Scheme;
- (b) "account holder" means an individual in whose name the account is held;
- (c) "Act" means the Government Savings Promotion Act, 1873 (5 of 1873);
- (d) "Form" means forms appended to this Scheme;
- (e) "General Rules" means the Government Savings Promotion General Rules, 2018;
- (f) "year" means a period of twelve months commencing from the date of deposit in the account.

- (2) Words and expressions used herein but not defined shall have the meanings assigned to them in the Act and the General Rules.

## **Opening of account**

3. (1) An individual fulfilling the following conditions may open an account by making an application in Form-1 to the accounts office, namely:—

- (i) who has attained the age of sixty years on the date of opening of the account; or
- (ii) who has attained the age of fifty-five years or more but less than sixty years, and who has retired on superannuation or otherwise on the date of opening of an account under this Scheme, subject to the condition that the account is opened by such individual within one month of the date of receipt of the retirement benefits and proof of date of disbursement of such retirement benefit(s) along with a certificate from the employer indicating the details of retirement on superannuation or otherwise, retirement benefits, employment held and period of such employment with the employer, is attached with the application form:

**Provided** that the retired personnel of Defence Services (excluding Civilian Defence employees) shall be eligible to open an account under this Scheme on attaining the age of fifty years subject to the fulfilment of other specified conditions.

(2) The successor or legal heir of a deceased serving personnel shall not be eligible to deposit the terminal benefits of such deceased personnel under this Scheme.

(3) An account holder may operate more than one account under this Scheme subject to the condition that the deposits in all the accounts taken together shall not exceed the maximum limit as specified under paragraph 4.

(4) An individual may open an account in individual capacity, or jointly with spouse.

(5) In case of a joint account, the age of the first account holder shall be considered to determine the eligibility to open the account and there shall be no age-limit for the second applicant.

(6) The whole amount of deposit in a joint account shall be attributable to the first account holder only.

(7) Both the spouses can open single account and joint accounts with each other with the maximum deposit of upto fifteen lakh rupees in each account provided both are individually eligible to open the account.

#### **Deposit**

4. (1) The account shall be opened with a minimum deposit of one thousand rupees or any sum in multiples of one thousand rupees not exceeding fifteen lakh rupees:

**Provided** that the deposits in the account specified under clause (i) of sub-paragraph (1) of paragraph 3, shall be restricted to the retirement benefits received, or fifteen lakh rupees, whichever is lower.

*Explanation.*— For the purposes of this sub-paragraph, "retirement benefits" means any payment due to the account holder on account of retirement on superannuation or otherwise and includes Provident Fund dues, retirement or superannuation gratuity, commuted value of pension, cash equivalent of leave, savings element of Group Savings Linked Insurance Scheme payable by the employer on retirement, retirement-cum-withdrawal benefit under the Employees' Family Pension Scheme and *ex gratia* payments under a voluntary or a special voluntary retirement scheme.

(2) There shall be only one deposit in the account.

(3) Where a deposit in excess to the ceiling specified under sub-paragraph (1) has been made, the accounts office shall, refund the excess deposit to the account holder immediately.

#### **Interest on deposit**

5 *[(1) The deposit made under this Scheme between 12th December, 2019 to 31st March, 2020 (both days inclusive) shall bear interest at the rate of 8.6 per cent per annum.*

*(1A) The deposit made under this Scheme on or after the 1st day of April, 2020 shall bear interest at the rate of 7.4 per cent per annum.]*

1. Sub-paragraphs (1) and (1A) substituted for sub-paragraph (1) by the Senior Citizens' Savings (Amendment) Scheme, 2020, w.r.e.f. 1-4-2020. Prior to its substitution, sub-paragraph (1) read

"(1) The deposit made under this Scheme shall bear interest at the rate of 8.6 per cent per annum."

(2) Interest shall be payable from the date of deposit to 31st March/30th June/30th September/31st December on first working day of April/July/October/January, as the case may be, in the first instance and thereafter interest shall be payable on first working day of April/July/October/January as the case may be.

(3) If so authorised by the account holder, interest payable on the due dates as specified in sub-paragraph (2), shall be credited to the account holder's savings account.

(4) If the interest payable every quarter is not claimed by an account holder, such interest shall not earn additional interest.

(5) Any amount of interest in fraction of a rupee shall be rounded off to the nearest rupee and for this purpose, any amount of fifty paise or more shall be treated as one rupee and any amount less than fifty paise shall be ignored.

(6) The excess amount referred to in sub-paragraph (3) of paragraph 4, shall carry interest at the rate applicable from time to time to the Post Office Savings Account and such interest shall be payable from the date of deposit of excess amount to the date of refund.

(7) In case of an account extended after maturity under sub-paragraph (1) of paragraph 8, the deposit in such account shall earn interest at the rate applicable to the Scheme on the date of maturity.

(8) Interest at the rate applicable to the Post Office Savings Account shall be payable on deposits in the account which are not extended as per provision of paragraph 8 or closed on maturity or extended maturity.

(9) The interest for any period less than a quarter (as specified under the Scheme) shall be calculated as per the following formula:—

$$\frac{\text{Number of days in the period} \times \text{Interest for the quarter}}{\text{Total number of days in the quarter}}$$

(10) If the interest is not claimed on the due date, it can be claimed on any date after the due date.

#### **Premature closure of account**

6. (1) The account holder may withdraw the deposit and close the account at any time on an application in Form-2 subject to the following conditions, namely:—

- (i) In case, the account is closed before one year after the date of opening of account, interest paid on the deposit in the account shall be recovered from the deposit and the balance shall be paid to the account holder.
- (ii) In case the account is closed after the expiry of one year but before the expiry of two years from the date of its opening, an amount equal to one and a half per cent of the deposit shall be deducted and the balance shall be paid to the account holder.
- (iii) In case the account is closed on or after the expiry of two years from the date of its opening, an amount equal to one per cent of the deposit shall be deducted and the balance shall be paid to the account holder.

(2) The account holder availing the facility of extension of account under sub-paragraph (1) of paragraph 8, may withdraw the deposit and close the account at any time after the expiry of one year from the date of extension of the account without any deduction.

(3) In case of premature closure, interest on the deposit shall be payable upto the date preceding the date of premature closure after deduction of penalty as specified in sub-paragraph (1).

(4) Multiple withdrawals from an account shall not be permitted.

#### **Closure of account**

7. (1) The deposit made at the time of opening of the account shall be paid on or after the expiry of five years or after the expiry of eight years where account was extended under paragraph 8 from the date of the opening of the account, on an application in Form-3.

(2) In case of death of the account holder before maturity or extended maturity, the account shall be closed and deposit refunded on an application in Form-3 along with interest as applicable to this Scheme till the date of the death of the account holder, to the nominee or the legal heirs, as the case may be:

**Provided** that interest on the deposits in the account shall earn interest at the rate applicable on Post Office Savings Account from the date of death of the account holder till the date of final closure of the account:

**Provided further** that in case of a joint account, or where the spouse is the sole nominee, the spouse may continue the account on the same terms and conditions as specified under this Scheme, if the spouse meets eligibility conditions under the Scheme on the date of death of the account holder.

(3) Where both the spouses have opened separate account or accounts under this Scheme and either of the spouses dies during the currency of such account or accounts, then such account or accounts standing in the name of the deceased account holder shall not be continued in accordance with the first proviso of sub-paragraph (2) and shall be closed.

#### **Extension after maturity**

8. (1) The account holder may extend the account for a further period of three years by making an application in Form-4 within a period of one year from the date of maturity.

(2) The extension of the account under sub-paragraph (1) shall be deemed to have been made from the date of maturity irrespective of the date of application.

(3) Extension of an account under sub-paragraph (1) shall be available only once.

(4) The account holder may close the account any time after one year from the date of extension of account without any deduction under sub-paragraph (1) of paragraph 6.

#### **Application of General Rules**

9. The provisions of General Rules shall, so far as may be, apply in relation to matters for which no provisions have been made in this Scheme.

#### **Power to relax**

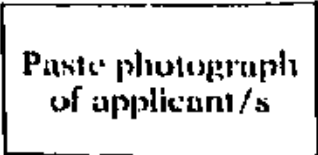
10. Where the Central Government is satisfied that the operation of any of the provisions in this Scheme causes undue hardship to the account holder, it may, by order, for reasons to be recorded in writing, relax the requirements of that provision in a manner not inconsistent with the provisions of the Act.



FORM 1

[See sub-paragraph (1) of paragraph 3]
(Application for opening an account)

To
The Postmaster/Manager .....



Sir,

I/We .....(Applicant/s) hereby apply for opening of an account under Senior Citizens' Savings Scheme in your Post Office/Bank.

I/We tender herewith Rs...../(Rupees.....) in cash/Cheque/DD No..... date..... as initial deposit. My/our particulars are as under:-

1. Name of First Account holder

Husband/Father/Mother's name or Guardian appointed by Court

Date of Birth .....
(DD/MM/YYYY )
(In words).....

2. Name of Second Account holder (spouse only)

Husband/Father/Mother's name

Date of Birth .....
(DD/MM/YYYY )
(In words).....

3. Aadhaar Number (a) of first account holder
(b) of second account holder

4. Permanent Account Number (PAN) (a) of first account holder
(b) of second account holder

5. Present Address .....
Permanent Address .....

6. Contact details Telephone Number.....  
 Mobile Number.....  
 Email ID.....

7. Type of Account Single or Joint

8. Details of proof of date of Birth of account holder/s

.....  
 (a) Certificate No.

.....  
 (b) Date of Issue

.....  
 (c) Issuing authority

9. Details of other KYC documents attached 1. Proof of identification

.....  
 2. Address proof .....

(The following documents are accepted as valid documents for the purpose of identification and address proof: 1. Passport 2. Driving license 3. Voter's ID card 4. Job card issued by NREGA signed by the State Government Officer 5. Letter issued by the National Population Register containing details of name and address:

1. Specimen Signatures

1..... 2..... 3.....

(Name).....

1..... 2..... 3.....

(Name).....

I declare that I/we are Resident Citizens of India and undertake to inform the account office of any change in our residency/citizenship status in future.

Thereby undertake to abide by the scheme provisions and Government Savings Promotion Rules, 2018 applicable on the Scheme and amendments issued thereto from time to time.

Details of my/our other accounts under the Scheme are as under:

S. No.	Name of Scheme	Date of opening of account	Amount deposited	Customer Identification Number	Account Number	Name of Post office/ Bank
1.	Senior Citizen Savings Scheme (SCSS)					

Signature or thumb impression of guardian

Date:.....

**Nomination**

10. I/we ..... hereby nominate the person(s) mentioned below to whom to the exclusion of all other persons in the event of my death the amount standing to my credit in ..... (Name of Scheme) at the time of my death would be payable.

S. No.	Name(s) of the nominee(s) and relationship	Full address(es)	Aadhaar number of nominee (optional)	Date of birth of nominee in case of minor	Share of entitlement	Nature of entitlement Trustee or owner
1						
2						
3						
4						

As the nominee(s) at Serial No.(s) ..... specified above is/are minor(s), I appoint Shri/Smt./Kumari..... S/o, D/o, W/o ..... Address .....

..... to receive the sum due under the said account in the event of my death during the minority of the nominee(s).

1. Signature of witness.....

Name & Address.....

2. Signature of witness.....

Name & Address.....

Signature or thumb impression of account holder/s

Place:

Date:

**For use of Post Office/Bank**

The account has been opened in the name of ..... on ..... with initial deposit of Rs ..... under ..... (name of the scheme) vide Account No. dated ..... Customer Identification Number..... Nomination has been registered vide No.....dated.....

Signature and seal of competent authority.

**FORM 2**

[See sub-paragraph (1) of paragraph 6]  
(Application for premature closure of account)

To

The Postmaster/Manager

.....  
.....

Sir,

1. I/we wish to prematurely close my/our Account No.....having balance of ..... (Rupees ..... only) opened under Senior Citizens' Savings Scheme and request you to pay the amount after deduction of applicable penalty, as per details given below:—

Please Credit the amount to my SB Account No. .... standing at .....  
..... (Name of Account office).

or

Please issue a Demand Draft/account payee cheque

or

Please pay in cash (applicable if the amount is below permissible limit)

3. I/We hereby declare that the conditions under which the account can be closed before maturity under Senior Citizens' Savings Scheme have been complied with.

Necessary documents as applicable are attached as under:—

- 1.
- 2.

Date:..... Signature or thumb impression of account holder/s  
(Thumb impression of the depositor should be attested by a person known to the accounts office)

**For office use only**

**Payment detail**

Eligible balance in Account Rs. ....

Less Penalty amount Rs. ....

Total Amount to be paid Rs. ....(In figures)

(In words) .....

Date

Stamp

Signature of Postmaster/Manager.....

**Acquittance**

(to be filled by account holder/messenger)

Received Rs .....(In figures) .....(in words) By cash/cheque/  
DD bearing No. ....dated...../by transfer to Account No.  
.....

Date:

Signature/thumb impression of Depositor/s

**FORM 3**

[ See sub-paragraph (1) of paragraph 7 ]

**(Application for closure of account)**

Name of Post Office/Bank.....

Date.....

Account Number.....

1. I/we hereby submit passbook/deposit receipt and apply for closure of my/our abovementioned account matured on.....

2. Please Credit the amount of eligible balance in my matured account to my SB Account No. ....standing at.....(Name of Account office).

or

Please issue a Demand Draft/account payee cheque

or

Please pay in cash (applicable if the amount is below permissible limit).

Signature or thumb impression of account holder/s

(Thumb impression should be attested by a person known to Accounts office)

**Payment Order**

(For office use only)

Date.....

**Payment detail**

Principal amount Rs.....

(+) Interest due Rs.....

(-) Recovery of overpaid interest Ra.....

Deduction if any Rs.....

Total Amount due Rs.....

Pay Rs.....(in figures) .....(in words)

Date:

Signature of Postmaster/Manager

**Acquittance**

(to be filled by depositor)

Received Rs.....(In figures).....(in words) By cash/cheque/DD bearing No.....dated...../by transfer to Account No.....

Date:

Signature/thumb impression of account holder/s

**FORM 4**

[ See sub-paragraph (1) of paragraph 8]

(Application for extension of account)

To

The Postmaster/Manager

.....  
.....

Sir,

1. I/we ..... am/are account holders in Account Number .....  
 .... under Senior Citizens' Savings Scheme in your office. The said account was opened  
 on ..... and has matured on ..... for payment. I/We hereby  
 request for extension of the account for a further period of three years (as per scheme  
 rule) from the date of maturity of the abovesaid account.

2. I/We have understood the terms and conditions applicable to the account during  
 the period of extension under the said Scheme as amended from time to time and shall  
 abide by them.

3. I/we continues to be resident citizen/s of India on the date of commencement of  
 block period of three years.

Date:

*Signature of the account holder/s*

Place:

*(Name and address)*

.....

**For the use of Accounts Office**

The account No. .... which was opened on ..... with Rs. ....  
 (Rupees ..... ) under ..... (Name of  
 Scheme) and matured on ....., has been extended for a period of .....  
 ..... years with effect from ..... to ..... under rule .....  
 ..... of the ..... Scheme.

Necessary entries have been made in the records and passbook/deposit receipt/  
 statement of account.

Date:

*Signature of Postmaster/Manager*

*Seal*

**DIVISION 21****KISAN VIKAS PATRA  
SCHEME, 2019*****Arrangement of Paragraphs***

<b>PARA</b>		<b>PAGE</b>
1.	Short title and commencement	21.3
2.	Definitions	21.3
3.	Type of accounts	21.3
4.	Deposits	21.4
5.	Payment on maturity	21.4
6.	Premature closure of account	21.4
7.	Pledging of account	21.6
8.	Transfer of account	21.7
9.	Payment on the death of account holder	21.8
10.	Application of General Rules	21.8
11.	Power to relax	21.8
<b>FORM 1</b>	<b>: Application for opening an account</b>	<b>21.8</b>
<b>FORM 2</b>	<b>: Application for closure of account</b>	<b>21.12</b>
<b>FORM 3</b>	<b>: Application for premature closure of account</b>	<b>21.13</b>
<b>FORM 4</b>	<b>: Application for pledging of account</b>	<b>21.14</b>





# **KISAN VIKAS PATRA SCHEME, 2019**

**NOTIFICATION NO. G.S.R. 920(E), DATED 12-12-2019**

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*In exercise of the powers conferred by section 3A of the Government Savings Promotion Act, 1873 (5 of 1873), the Central Government hereby makes the following Scheme, namely:—*

## **Short title and commencement**

1. (1) This Scheme may be called the Kisan Vikas Patra Scheme, 2019.
- (2) It shall come into force on the date of its publication in the Official Gazette.

## **Definitions**

2. (1) In this Scheme, unless the context otherwise requires,—
  - (a) "account" means an account opened under this Scheme;
  - (b) "account holder" means an individual in whose name the account is held;
  - (c) "Act" means The Government Savings Promotion Act, 1873 (5 of 1873);
  - (d) "Form" means forms appended to this Scheme;
  - (e) "General Rules" means the Government Savings Promotion General Rules, 2018;
  - (f) "year" means a period of twelve months commencing from the date of deposit in the account.

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

## **Type of accounts**

3. (1) On an application to the accounts office in Form-1, the following types of accounts can be opened under the Scheme, namely :—

- (a) Single Holder Type Account;
- (b) Joint A- Type Account; and
- (c) Joint B- Type Account.

(2) (a) A Single Holder Type Account may be opened by an adult for himself, or on behalf of a minor or a person of unsound mind of whom he is the guardian, or by a minor who has attained the age of ten years;

(b) Joint A - Type Account may be opened jointly in the names of upto three adults payable to all the account holders jointly or to the survivors;

(c) Joint B - Type Account may be opened jointly in the name of upto three adults payable to any of the account holders or to the survivor or survivors.

**Deposits**

4. (1) A minimum of one thousand rupees and any sum in multiples of one hundred rupees may be deposited in an account.

(2) There shall be no maximum limit for deposit in an account or in accounts held by an account holder.

(3) An individual may open any number of accounts.

**Payment on maturity**

5. *[(1) The maturity period of an account opened between 12th December, 2019 to 31st March, 2020 (both days inclusive) shall be nine years and five months. Deposit made in the account shall double on maturity. Amount of maturity may be repaid to the account holder on an application in Form 2 submitted to the Accounts office.*

*(1A) Maturity period of an account opened on or after the 1st day of April, 2020 shall be ten years and four months. Deposit made in the account shall double on maturity.]*

(2) The maturity period of the deposit under this Scheme shall be determined on the rate of interest applicable at the time of opening the account.

**Premature closure of account**

6. (1) The account may be prematurely closed by the account holder by making an application in Form-3 to the accounts office, at any time before maturity under the following circumstances, namely:—

- (a) on the death of the account holder in a single account, or any or all the account holders in a joint account;
- (b) on forfeiture by a pledgee, being a Gazetted Officer;
- (c) when ordered by a court.

(2) On the closure of the account under sub-paragraph (1), principal amount alongwith simple interest calculated at the rate applicable from time to time to Post Office Savings Account for the complete months for which the account has been held, shall be payable.

(3) Notwithstanding anything contained in sub-paragraph (2), if an account is closed any time after the expiry of two years and six months from the date of opening of the account, the amount, inclusive of interest shall be payable as specified in the table below:-

²[\*\*\*]

1. Sub-paragraphs (1) and (1A) substituted for sub-paragraph (1) by the Kisan Vikas Patra (Amendment) Scheme, 2020, w.r.e.f. 1-4-2020. Prior to its substitution, sub-paragraph (1) read as under :

"(1) Deposits made in the account shall double on maturity. Maturity period of an account shall be nine years and five months commencing on the date of deposit. Amount of maturity may be repaid to the account holder on an application in Form-2 submitted to the accounts office."

2. Words "(Table showing premature closure value of account opened on or after date of notification with 1,000 rupees)" omitted, *ibid*.

TABLE 1

[Table showing premature closure value of account opened between 12th December 2019 to 31st March 2020 (both days inclusive) with 1000 rupees]

Period from the date of the certificate to the date of its encashment	Amount payable inclusive of interest (Rupees)
(1)	(2)
Two and half years but less than three years	1173
Three years but less than three and half years	1211
Three and half years but less than four years	1251
Four years but less than four and half years	1291
Four and half years but less than five years	1333
Five years but less than five and half years	1377
Five and half years but less than six years	1421
Six years but less than six and half years	1467
Six and half years but less than seven years	1515
Seven years but less than seven and half years	1564
Seven and half years but less than eight years	1615

3. Tables (1) and (2) substituted for Table by the Kisan Vikas Patra (Amendment) Scheme, 2020, w.r.e.f. 1-4-2020. Prior to its substitution, Table read as under :

TABLE

Period from the date of the account to the date of its premature closure	Amount payable inclusive of interest (Rupees)
(1)	(2)
Two and half years but less than three years	1173
Three years but less than three and half years	1211
Three and half years but less than four years	1251
Four years but less than four and half years	1291
Four and half years but less than five years	1333
Five years but less than five and half years	1377
Five and half years but less than six years	1421
Six years but less than six and half years	1467
Six and half years but less than seven years	1515
Seven years but less than seven and half years	1564
Seven and half years but less than eight years	1615
Eight years but less than eight and half years	1667
Eight and half years but less than nine years	1722
Nine years but before Maturity of Certificate	1778
On maturity of certificate	2000*

Period from the date of the certificate to the date of its encashment	Amount payable inclusive of interest (Rupees)
(1)	(2)
<i>Eight years but less than eight and half years</i>	1667
<i>Eight and half years but less than nine years</i>	1722
<i>Nine years but before Maturity of Certificate</i>	1778
<i>On maturity of certificate</i>	2000

**TABLE 2**

**[Table showing premature closure value of account opened on or after the 1st day of April, 2020 with 1000 rupees]**

Period from the date of the account to the date of its premature closure	Amount payable inclusive of interest (Rupees)
(1)	(2)
<i>Two and half years but less than three years</i>	1154
<i>Three years but less than three and half years</i>	1188
<i>Three and half years but less than four years</i>	1222
<i>Four years but less than four and half years</i>	1258
<i>Four and half years but less than five years</i>	1294
<i>Five years but less than five and half years</i>	1332
<i>Five and half years but less than six years</i>	1371
<i>Six years but less than six and half years</i>	1411
<i>Six and half years but less than seven years</i>	1452
<i>Seven years but less than seven and half years</i>	1494
<i>Seven and half years but less than eight years</i>	1537
<i>Eight years but less than eight and half years</i>	1582
<i>Eight and half years but less than nine years</i>	1628
<i>Nine years but less than nine and half years</i>	1675
<i>Nine and half years but less than ten years</i>	1724
<i>Ten years but before Maturity of Certificate</i>	1774
<i>On maturity of certificate</i>	2000]

### **Pledging of account**

7. (1) An account may be pledged or transferred as security, on an application made by the depositor in Form-4 supported with acceptance letter from the pledgee.

(2) Transfer of an account under this Scheme may be made to—

- (a) the President of India or the Governor of a State in his official capacity;

- (b) the Reserve Bank of India or a Scheduled Bank or a Co-operative Society, including a Co-operative Bank;
- (c) a public or private corporation or a Government company;
- (d) a local authority, or
- (e) a housing finance company approved by the National Housing Bank and notified by the Central Government.

**Provided** that the transfer of an account opened on behalf of a minor or a person of unsound mind shall not be permitted under this Scheme unless the guardian of the minor or the person of unsound mind, as the case may be, certifies in writing that the minor or the person of unsound mind, as the case may be, is alive and that the transfer is for the benefit of the minor or the person of unsound mind.

(3) When any account is transferred as security under sub-paragraph (1), the authorised officer shall make the following endorsement in the record of the Account, including the Savings Certificate, namely:—

\*Transferred as security to ...\*.

(4) Except as otherwise provided in this Scheme, the transferee of an account under this paragraph shall, until it is re-transferred back under sub-paragraph (5), be deemed to be the depositor.

(5) An account transferred under this Scheme may, on written authority of the transferee, be re-transferred back with the previous sanction in writing of the authorised officer and when any such re-transfer is made, the authorised officer of the accounts office shall make the following endorsement in the record of the account, including certificate, namely:—

\*Re-transferred to.....\*.

(6) A blind person or a person with physical infirmity making him incapable of operating the account may pledge his deposit through any literate individual whom he authorises for this purpose.

### **Transfer of account**

**8.** An account may be transferred from one individual to another, subject to the condition that the transferee is eligible to open an account under this Scheme, in the following cases, namely:—

- (i) on the death of the account holder in case of a single account or on the death of all the account holders in a joint account, the amount shall be transferred to the legal heirs or the nominees, as the case may be;
- (ii) on the order of the court, the account shall be transferred from the account holder to the court or to any other individual as per the orders of the court:—
  - (i) on pledging, account shall be transferred in accordance with paragraph 7;
  - (ii) in the event of the death of any of the account holders in a joint account, the account shall be transferred in the name of the surviving account holder or account holders, as the case may be.

**Payment on the death of account holder**

9. (1) In the event of death of the depositor of a single account or of all the depositors in a joint account, the deposit shall be payable to the nominee if a nomination exists or to the legal heir(s).

(2) Where there are not more than three surviving nominees or legal heirs, they may, at their option continue the account and receive the amount of deposit alongwith interest on maturity in the manner provided for in this scheme, as if they had opened the account themselves.

(3) Where the account is not continued under sub-paragraph (2), it shall be closed and the amount of deposit alongwith interest as provided in paragraph 6 shall be repaid.

(4) On the death of one or two of the account holders in a joint account, the surviving account holder or holders, if any, shall be treated as the owner or owners of the account and such account holder or holders may continue the account under sub-paragraph (2) or close the account under sub-paragraph (3).

**Application of General Rules**

10. The provisions of the General Rules shall, so far as may be, apply to this Scheme in relation to the matters for which no provisions have been made herein.

**Power to relax**

11. Where the Central Government is satisfied that the operation of any of the provisions of this Scheme causes undue hardship to the amount holder, it may be by order, for reasons to be recorded in writing, relax the requirements of that provision in a manner not inconsistent with the provisions of the Act or the rules made thereunder.

**FORM 1**

[See sub-paragraph (1) of paragraph 3]

**(Application for opening an account)**

To

The Postmaster/Manager

.....

.....

Paste  
photograph of  
applicant/s

I/We .....(account holder(s)/guardian) hereby apply for opening of an account under Kisan Vikas Patra Scheme in your Post Office/Bank.

I/We tender herewith Rs...../(Rupees.....  
.....) in cash/Cheque/DD No..... date..... as  
initial deposit. My/our particulars are as under:—

1. Name of First Depositor .....

Husband/Father/Mother's name or guardian appointed by Court .....

Date of Birth

.....

(DD/MM/YYYY )

(In words).....

2. Name of Second Depositor

.....

Husband/Father/Mother's name

.....

Date of Birth

.....

(DD/MM/YYYY )

(In words).....

3. Name of Third Depositor

.....

Husband/Father/Mother's name

.....

Date of Birth

.....

(DD/MM/YYYY )

(In words).....

4. Name of minor/person of unsound mind account holder

.....

Father/Mother/Guardian's name

.....

Date of Birth

.....

(DD/MM/YYYY )

(In words).....

5. Aadhaar Number of account holder(s)

.....

6. Permanent Account Number (PAN) of account holder(s)

.....

7. Present Address .....

.....

Permanent Address .....

.....

8. Contact details

Telephone Number.....

Mobile Number.....

Email ID.....

9. Type of Account Single or Joint or through Guardian for Minor or person of unsound mind or blind or differently abled through authorized person.

10. (\*) Details of date of birth of minor .....  
 (Applicable in case of minor account)

- (a) Certificate No. ....
- (b) Date of Issue .....
- (c) Issuing authority .....

11. (\*) Name of guardian (natural/legal) .....  
 (In case the account is opened on behalf of a minor/person of unsound mind)

12. Details of other KYC documents 1. Proof of identification attached

- .....
- 2. Address proof .....
- .....

The following documents are accepted as officially valid documents for the purpose of identification and address proof: 1. Passport 2. Driving license 3. Voter's ID card 4. Job card issued by NREGA signed by the State Government officer 5. Letter issued by the National Population Register containing details of name and address.

13. The operation of the account will be- (a) By all the holders together or the surviving holder/s.  
 (In case of joint account) (b) By either of the holder/s, or the surviving depositor/s,

14. My/our specimen signatures

1.....	2.....	3.....
(Name).....		
1.....	2.....	3.....
(Name).....		
1.....	2.....	3.....
(Name).....		
1.....	2.....	3.....
(Name).....		

I hereby undertake to abide by the scheme provisions and Government Savings Promotion Rules, 2018 applicable on the Scheme and amendments issued thereto from time to time.

Signature or thumb impression of account holder(s)/guardian

Date:.....



## Nomination

16. I/we.....hereby nominate the person(s) mentioned below to whom to the exclusion of all other persons in the event of my death the amount standing to my credit in Kisan Vikas Patra Scheme at the time of my death would be payable.

S. No.	Name(s) of the nominee(s) and relationship	Full address(s)	Aadhaar number of nominee (optional)	Date of birth of nominee in case of minor	Share of entitlement	Nature of entitlement (Trustee or owner)
1						
2						
3						
4						

As the nominee(s) at Serial No.(s) ..... specified above is/are minor(s), I appoint Shri/Smt./Kumari .....

D/o, W/o ..... S/o, Address .....

..... to receive the sum due under the said account in the event of my death during the minority of the nominee(s).

1. Signature of witness.....

Name and Address.....

2. Signature of witness.....

Name and Address.....

Signature or thumb impression of account holder(s)/guardian

Place:

Date:

## For use of Post Office/Bank

The account has been opened in the name of..... on.....with initial deposit of Rs..... under.....(name of the scheme) vide Account No..... dated.....

Customer Identification Number.....

Nomination has been registered vide No. .... dated .....

Signature and seal of competent authority.

**FORM 2**

[See sub-paragraph (1) of paragraph 5]  
**(Application for closure of account)**

Name of Post Office/Bank..... Date .....

Account Number .....

1. I/we hereby submit passbook/deposit receipt and apply for closure of my/our above-mentioned account matured on.....

2. Please credit the amount of eligible balance in my matured account to my SB Account No.....standing at.....(Name of account office).

or

Please issue a Demand Draft/account payee cheque

or

Please pay in cash (applicable if the amount is below permissible limit).

\*Certified that the amount held in the account is required for the use of ..... who is alive and still a minor.

Signature or thumb impression of account holder(s)/guardian  
 (Thumb impression should be attested by a person known to accounts office)

**Payment Order**  
 (For office use only)

Date.....

**Payment detail**

Principal amount Rs.....

(+) Interest due Rs.....

(-) **Recovery of overpaid interest Rs.....**

Deduction if any Rs.....

Total amount due Rs.....

Pay Rs.....(in figures) Rupees .....(in words)

Place:

Date :

Signature of Postmaster/Manager

**Acquittance**

(to be filled by depositor)

Received Rs.....(In figures) Rupees .....(in words) By cash/  
 cheque/DD bearing No.....dated...../by transfer  
 to Account No. ....

Date:

Signature/thumb impression of account holder(s)/guardian

## FORM 3

[See sub-paragraph (1) of paragraph 6]  
**(Application for premature closure of account)**

To  
 The Postmaster/Manager

.....  
 .....  
 Sir,

1. I/we wish to prematurely close my/our Account No. .... having balance of ..... (Rupees ..... only) opened under Kisan Vikas Patra Scheme and request you to pay the amount after deduction of applicable penalty as per details given below:—

Please credit the amount to my SB Account No. .... standing at .....  
 .....(Name of account office).

or

Please issue a Demand Draft/account payee cheque

or

Please pay in cash (applicable if the amount is below permissible limit)

3. I/We hereby declare that the conditions under which the account can be closed before maturity under the Kisan Vikas Patra Scheme have been complied with.

\*Certified that the amount held in the account is required for the use of ..... who is alive and still a minor.

Date: ..... Signature or thumb impression of account holder(s)/guardian  
 (Thumb impression of the depositor should be attested by a person known to the accounts office)

**For office use only**

**Payment detail**

Eligible balance in account Rs. ....

Less penalty amount Rs. ....

Total amount to be paid Rs. ....(In figures)

(In words) Rupees .....

Date Stamp .....

Signature of Postmaster/Manager  
 .....

**Acquittance**

(To be filled by account holder/messenger)

Received Rs .....(In figures) Rupees .....(in words) By  
 cash/cheque/DD bearing No. .... dated ...../by transfer  
 to Account No. ....

Place :

Date :

Signature/thumb impression of account holder(s)/guardian

**FORM 4**

[See paragraph 7]

**(Application for pledging of account)**

To

The Postmaster/Manager

.....

Sir,

1. I/We ..... am/are required to deposit an amount of Rs. .... as security with ..... (official designation of the Gazetted Officer of the Government or name of the Reserve Bank of India or a Scheduled Bank, Co-operative Bank, Registered Co-operative Society, Corporation, A Government company or Local Authority). I/We therefore request you to transfer the deposit in Account Number ..... under Kisan Vikas Patra Scheme as security in favour of ..... (Official designation of the officer or name of the Branch etc. to whom the account is being pledged as security.)

2. I/We agree that the account(s) can be encashed by the pledgee when the security has been forfeited. Nomination *vide* registration number.....in the account stands cancelled.

**Particulars of Account**

Account number	Date	Name of Account office	Amount

The authority mentioned above has agreed to accept the pledge. A pledge acceptance duly signed by the competent authority as pledgee is attached.

Date : .....

*Signature of account holder(s)/guardian*

*Address.....*

**For office use only**

Account number.....has been pledged *vide* registration No..... dated ..... and necessary entries have been marked in the record. Passbook/deposit receipt/statement of account has also been marked with pledge and returned to the account holder.

*Signature of Postmaster/Manager*

*Seal*

**DIVISION 22****PUBLIC PROVIDENT FUND  
SCHEME, 2019*****Arrangement of Paragraphs***

<b>PARA</b>		<b>PAGE</b>
1.	Short title and commencement	
2.	Definitions	22.3
3.	Limits of number of accounts	22.3
4.	Limits of subscription	22.3
5.	Manner of making deposit	22.3
6.	Discontinuation of account	22.4
7.	Interest	22.4
8.	Loans	22.4
9.	Repayment of loan and interest	22.5
10.	Withdrawal from account	22.5
11.	Closure of account or continuation of account without deposits after maturity	22.6
12.	Extension of account with deposits after maturity	22.6
13.	Premature closure of account	22.7
14.	Closure of account on death of the account holder	22.8
15.	Protection of credit balance from attachment	22.8
16.	Application of General Rules	22.8
17.	Power to relax	22.8
FORM 1	: Application for opening an account	22.8
FORM 2	: Application for Loan/Withdrawal	22.11
FORM 3	: Application for closure of account	22.12
FORM 4	: Application for extension of account	22.13
FORM 5	: Application for premature closure of account	22.14



# **PUBLIC PROVIDENT FUND SCHEME, 2019**

**NOTIFICATION NO. G.S.R. 915(E), DATED 12-12-2019**

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*In exercise of the powers conferred by section 3A of the Government Savings Promotion Act, 1873 (5 of 1873), the Central Government hereby makes the following Scheme, namely:—*

## **Short title and commencement**

1. (1) This Scheme may be called the Public Provident Fund Scheme, 2019.
- (2) It shall come into force on the date of its publication in the Official Gazette.

## **Definitions**

2. (1) In this Scheme, unless the context otherwise requires,—
  - (a) "account" means an account under this scheme;
  - (b) "account holder" means an individual in whose name the account is held;
  - (c) "Act" means the Government Savings Promotion Act, 1873 (5 of 1873);
  - (d) "Form" means forms appended to this Scheme;
  - (e) "General Rules" means the Government Savings Promotion General Rules, 2018;
  - (f) "year" means the financial year.

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

## **Limits of number of accounts**

3. (1) An individual may open an account by making an application in Form 1.
- (2) An individual may also open one account on behalf of each minor or a person of unsound mind of whom he is the guardian:

**Provided** that only one account shall be opened in the name of a minor or a person of unsound mind by any of the guardian.

- (3) Joint account shall not be opened under this Scheme.

## **Limits of subscription**

4. (1) A deposit which shall not be less than five hundred rupees and not more than one lakh fifty thousand rupees in multiple of fifty rupees may be made in an account in a year.

(2) Maximum limit of one lakh fifty thousand rupees as specified in sub-paragraph (1) by an individual shall be inclusive of the deposits made in his own account and in the account opened on behalf of the minor.

#### **Manner of making deposit**

5. (1) The account shall be opened with a minimum initial deposit of five hundred rupees and thereafter deposit of any sum in multiples of fifty rupees shall be made.

(2) The deposit in the account subject to the limits mentioned in paragraph 4 may be made in the account in one lump sum or in instalments.

#### **Discontinuation of account**

6. (1) Any account in which the account holder, having deposited five hundred rupees in the initial year, fails to deposit the minimum amount in the following years, shall be treated as discontinued.

(2) An account treated as discontinued under sub-paragraph (1), may be revived during its maturity period on payment of a fee of fifty rupees along with arrears of minimum deposit of five hundred rupees for each year of default:

**Provided** that the balance in a discontinued account not revived by the account holder before its maturity shall continue to earn interest at the rate applicable to the Scheme from time to time.

(3) The account holder of a discontinued account shall not be eligible to open a new account before closure of such discontinued account after maturity:

**Provided** that the facility of loan and partial withdrawal shall not be allowed in such an account and the account holder shall be prohibited from opening another account in his name under this Scheme till final closure of such account.

(4) Facility of loan and partial withdrawal shall be allowed to regular accounts only as per the provisions of this Scheme.

(5) The total deposit in a year as specified in paragraph 4, shall be inclusive of deposits made in respect of years of default of the preceding years but excluding the default fee.

#### **Interest**

7. *[(1) The deposits made in the account between 12th December, 2019 to 31st March, 2020 (both days inclusive) and the balances at the credit of the account shall bear interest at the rate of 7.9 per cent per annum. Lowest balance at the credit of an account between the close of the fifth day and the end of the month shall be eligible for interest.*

*(1A) The deposits made in the account on or after the 1st day of April, 2020 and the balances at the credit of the account shall bear interest at the rate of 7.1 per cent per annum. Lowest balance at the credit of an account between the close of the fifth day and the end of the month shall be eligible for interest.]*

1. Sub-paragraphs (1) and (1A) substituted for sub-paragraph (1) by the Public Provident Fund (Amendment) Scheme, 2020, w.r.e.f. 1-4-2020. Prior to its substitution, sub-paragraph (1) read as under :

“(1) Interest at 7.9 per cent per annum shall be eligible for a calendar month on the lowest balance at the credit of an account between the close of the fifth day and the end of the month.”



- (2) Interest shall be credited to the account at the end of each year.
- (3) Interest shall be credited at the end of the year irrespective of the change of the account office due to transfer of the account during the year.

### Loans

8. (1) At any time after the expiry of one year from the end of the year in which the initial subscription was made but before expiry of five years from the end of the year in which the initial subscription was made, the account holder may, apply in Form 2, to the accounts office for obtaining a loan consisting of a sum of whole rupees not exceeding twenty-five per cent of the amount that stood to his credit at the end of the second year immediately preceding the year in which the loan is applied for.

(2) In case of an account opened on behalf of a minor or a person of unsound mind, the guardian may apply for the loan for the benefit of the minor or the person of unsound mind by submitting the following certificate to the accounts office, namely:—

"Certified that the amount sought to be withdrawn is required for the use and welfare of Shri/Smt./Master/Kumari..... who is a minor/a person of unsound mind/a person incapable of operating his account due to physical infirmity and is alive on this.....the day of.....(month), .....(year)."

(3) An account holder shall not be entitled to get a fresh loan so long as earlier loan has not been repaid in full together with interest thereon.

(4) An account holder shall be entitled for only one loan in a year.

### Repayment of loan and interest

9. (1) The principal amount of a loan shall be repaid by the account holder before the expiry of thirty-six months from the first day of the month following the month in which the loan is sanctioned:

**Provided** that the repayment may be made either in one lump sum or in instalments.

(2) After the principal amount of the loan is fully repaid, the account holder shall pay interest thereon in not more than two monthly instalments at the rate of one per cent per annum of the principal for the period commencing from the first day of the month following the month in which the loan is drawn upto the last day of the month in which the last instalment of the loan is repaid:

**Provided** that where the loan is not repaid, or is repaid only in part, within a period of thirty-six months, interest on the amount of loan outstanding shall be charged at six per cent per annum instead of at one per cent per annum with effect from the first day of the month following the month in which the loan was obtained, to the last day of the month in which the loan is finally repaid.

(3) The interest on the amount of loan outstanding under the proviso to subparagraph (2) and any portion of interest payable, but not paid, on any loan, the principal amount of which has already been repaid within the period of thirty-six months, may, on becoming due, be debited to the holder's account.

(4) The interest recoverable shall accrue to the Central Government.

(5) The interest on outstanding loans which are not paid before the expiry of thirty-six months or paid partly shall be debited to the holder's account at the end of each year.

(6) In case of death of the account holder, the nominee or legal heir shall be liable to pay interest on the loan availed by the account holder but not repaid before his death. Such amount of due interest shall be adjusted at the time of final closure of the account.

#### **Withdrawal from account**

10. (1) Any time after the expiry of five years from the end of the year in which the account was opened, the account holder may, avail withdrawal by applying in Form 2, from the balance to his credit, an amount not exceeding fifty per cent of the amount that stood to his credit at the end of the fourth year immediately preceding the year of withdrawal or at the end of the preceding year, whichever is lower:

**Provided** that the amount of loan outstanding, if any, along with interest shall be paid by the account holder before availing the facility of withdrawal under this paragraph:

**Provided further** that the facility of withdrawal may be availed only once in a year only from the accounts which have not become discontinued.

(2) In case of an account opened on behalf of a minor, or a person of unsound mind, the guardian may apply for the withdrawal for the benefit of the minor or a person of unsound mind by submitting the following certificate to the accounts office, namely:—

"Certified that the amount sought to be withdrawn is required for the use and welfare of Shri/Smt./Master/Kumari..... who is a minor/a person of unsound mind/a person incapable of operating his account due to physical infirmity and is alive on this.....the day of.....(month), .....(year).".

#### **Closure of account or continuation of account without deposits after maturity**

11. (1) Any time after the expiry of fifteen years from the end of the year in which the account was opened, the account holder may apply in Form 3 to the accounts office for the closure of his account. The accounts office shall allow the withdrawal of the entire balance along with due interest up to the last day of the month preceding the month in which the account is closed.

(2) The account holder may retain his account after maturity without making any further deposits for any period and the balance in the account will continue to earn interest at the rate applicable to the Scheme:

**Provided** that the account holder may make one withdrawal, in each year, of any amount within the balance.

(3) Once the account is continued without deposits for more than a year, the account holder shall not have the option again to continue the account with deposits.

#### **Extension of account with deposits after maturity**

12. (1) Subject to the provisions of paragraph 11, the account holder on the expiry of fifteen years from the end of the year in which the account was opened, may

extend his account and continue to make deposit under paragraph 4 for a further block period of five years by applying to the accounts office in Form 4.

(2) The option of extension of account under sub-paragraph (1) shall be made by the account holder before expiry of one year from the maturity of the account:

**Provided** that an account opened on behalf of a minor or a person of unsound mind may be extended at the request of the guardian.

(3) No deposits can be made in the account, if the account holder fails to give his option to continue the account within one year from the date of maturity. Any deposit made in such account shall be treated as irregular and refunded by the accounts office immediately without any interest:

**Provided** that the balance in the account on the date of maturity shall continue to earn interest upto the end of the month preceding the month of closure.

(4) Facility of partial withdrawal under paragraph 10 of the Scheme shall be available to the account extended under sub-paragraph (1), subject to the condition that the total withdrawal during the block period of five years shall not exceed sixty per cent of the balance at credit at the commencement of the block period:

**Provided** that the withdrawal, subject to the ceiling as specified above may be made either in a single or in yearly instalments.

(5) Provisions of sub-paragraphs (1) to (4) shall also apply on accounts after maturity on expiry of the each extended block period of five years.

(6) If the account is continued with deposits for one or more five block periods, the account holder may leave the account without deposits on completion of any block period and the account shall continue to earn interest till it is closed and the account holder may make one withdrawal every year from the account.

(7) An account holder who has given his option for the extension of the account for a period of five years shall not have the option to withdraw his request at a later stage.

#### **Premature closure of account**

13. (1) An account holder shall be allowed premature closure of his account or the account of a minor or person of unsound mind of whom is the guardian on an application to the accounts office in Form 5, on any of the following grounds, namely:—

- (a) treatment of life threatening disease of the account holder, his spouse or dependent children or parents, on production of supporting documents and medical reports confirming such disease from treating medical authority;
- (b) higher education of the account holder, or dependent children on production of documents and fee bills in confirmation of admission in a recognised institute of higher education in India or abroad;
- (c) on change in residency status of the account holder on production of copy of Passport and visa or Income-tax return:

**Provided** that an account under this Scheme shall not be closed before the expiry of five years from the end of the year in which the account was opened:

Provided further that on such premature closure, interest in the account shall be allowed at a rate which shall be lower by one per cent than the rate at which interest has been credited in the account from time to time since the date of opening of the account, or the date of extension of the account, as the case may be.

**Closure of account on death of the account holder**

14. (1) In the event of the death of the account holder, the account shall be closed and the nominee or the legal heir shall not be allowed to continue the account.

(2) The balance in the account of the deceased account holder shall earn interest till the end of the month preceding the month in which the eligible balance is paid to the nominee or the legal heir, as the case may be.

**Protection of credit balance from attachment**

15. Amount standing to the credit of any account holder shall not be liable to attachment under any order or decree of any court in respect of any debt or liability incurred by the account holder.

**Application of General Rules**

16. Provisions of the General Rules shall, so far as may be, apply in relation to the matters for which no provisions have been made in this Scheme.

**Power to relax**

17. Where the Central Government is satisfied that the operation of any of the provisions of this Scheme causes undue hardship to an account holder, it may, by order for reasons to be recorded in writing, relax the requirements of that provision or provisions in a manner not inconsistent with the provisions of the Act.

**FORM 1**

[See sub-paragraph (1) of paragraph 3]  
(Application for opening an account)

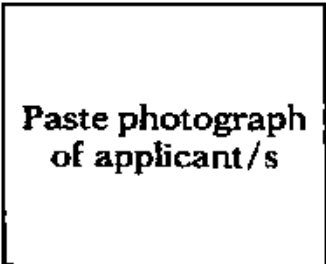
To,  
The Postmaster/Manager  
.....  
.....

Sir,

I.....(account holder/guardian) hereby apply for opening of an account under Public Provident Fund Scheme.

I tender herewith Rs...../- (Rupees.....) in cash/Cheque/DD.No..... date..... as initial deposit. My particulars are as under:—

- 1. Name of account holder  
.....
- Husband/Father/Mother's name  
.....



Date of Birth .....  
 (DD/MM/YYYY )  
 (In words).....

OR

2. Name of minor account holder

.....  
 Father/Mother's name or the guardian

.....  
 Date of Birth .....  
 (DD/MM/YYYY )  
 (In words).....

3. Aadhaar Number of account holder/guardian

4. Permanent Account Number (PAN) of account holder/guardian

5. Present Address .....

.....  
 Permanent Address .....

6. Contact details Telephone Number.....

Mobile Number.....

Email ID.....

7 Type of Account Single or through Guardian for Minor or person of unsound mind or blind or differently abled through authorized person.

8. (\*) Details of date of birth proof

.....  
 (Applicable in case of minor account)

(d) Certificate No.

(e) Date of Issue

(f) Issuing authority

9. (\*) Name of Guardian (Natural/Legal)

.....  
 (In case the account is opened on behalf of a Minor/person of unsound mind)

10. Details of other KYC documents attached 1. Proof of identification

2. Address proof

11. (The following documents are accepted as valid documents for the purpose of identification and address proof:  
 1. Passport 2. Driving license 3. Voter's ID card 4. Job card issued by NREGA signed by the State Government officer 5. Letter issued by the National Population Register containing details of name and address);

1. The operation of the account will be:-

- (a) By the Guardian till the account holder attains majority.
- (b) By the account holder on attaining majority,

**12 Specimen Signatures**

1..... 2..... 3.....  
 (Name).....

I hereby declare that I have not opened a Public Provident Fund Account in the name of the myself/minor mentioned at serial number 1 in any of the Post office/ Bank in the country.

I further declare that I will abide by the ceiling of maximum deposit in the accounts opened in my name and in the name of minors as per provision of paragraph 4 and any deposit in excess of the ceiling will be treated as in contravention to the Scheme.

I further declare that I and the minor both are Resident Citizen of India and undertake to inform the account office of any change in our residency/citizenship status in future.

I hereby undertake to abide by the scheme provisions and Government Savings Promotion Rules, 2018 applicable on the Scheme and amendments issued thereto from time to time.

*Signature or thumb impression of account holder/guardian*

Date:.....

**Nomination**

13. I.....hereby nominate the person(s) mentioned below to whom to the exclusion of all other persons in the event of my death the amount standing to my credit at the time of my death would be payable.

S. No.	Name(s) of the nominee(s) and relationship	Full address(s)	Aadhaar number of nominee (optional)	Date of birth of nominee in case of minor	Share of entitlement	Nature of entitlement Trustee or owner
1						
2						
3						
4						

As the nominee(s) at Serial No.(s).....specified above is/are minor(s), I appoint Shri/Smt./Kumari..... S o, D/o,W/o.....Address.....

.....to receive the sum due under the said account in the event of my death during the minority of the nominee(s).

- 1. Signature of witness..... Name & Address.....
2. Signature of witness..... Name & Address.....

Signature or thumb impression of account holder or guardian

Place:

Date:

For use of Post Office/Bank

The account has been opened in the name of ..... on ..... with initial deposit of Rs. .... with Account No. .... dated .....

Customer identification Number .....

Nomination has been registered vide

No. .... dated.....

Signature and seal of competent authority.

FORM 2

[See sub-paragraph (1) of paragraph 8 and paragraph 10] (Application for Loan/Withdrawal)

To, The Postmaster/Manager

.....

Sir,

I.....(account holder/guardian) hereby apply for loan/withdrawal from my account as per details below:—

Account Number: .....

Amount of Loan/withdrawal applied .....

\*Certified, that the amount sought to be withdrawn/loan to be availed is required for the use of .....who is alive and still a Minor.

2. Please Credit the amount of loan/withdrawal to my SB Account No. .... standing at..... (Name of Account office).

or

Please issue a Demand Draft / account payee cheque

or

Please pay in cash (applicable if the amount is below permissible limit of cash payment).

3. I certify that all the provisions applicable under scheme for grant of withdrawal/ loan have been complied with.

Necessary documents as applicable are attached as under:—

- 1.
- 2.

Date: .....

Signature or thumb impression of account holder/guardian

Attested By .....

(Attestation is applicable in case of thumb impression)

**For office use only**

**Payment detail**

Amount available in Account Rs. ....

Date of Initial Subscription .....

Date on which last withdrawal/loan was allowed .....

Total Amount granted for withdrawal/loan Rs. .... (In figures)

(In words) .....

Date Stamp

Signature of Postmaster/Manager

**Acquittance**

(To be filled by account holder)

Received Rs. .... (In figures)..... Rupees ..... (in words) by  
cash/cheque/DD bearing No. .... dated...../  
by transfer to Account No. ....

Date: .....

Signature/thumb impression of account holder/guardian

**FORM 3**

[See sub-paragraph (f) of paragraph 11]

**(Application for closure of account)**

Name of Post Office/Bank .....

Date .....

Account Number .....

1. I hereby submit passbook / deposit receipt and apply for closure of my above mentioned account matured on .....

2. Please Credit the amount of eligible balance in my matured account to my SB Account No. .... standing at ..... (Name of Account office).

or



Please issue a Demand Draft/account payee cheque  
or

Please pay in cash (applicable if the amount is below permissible limit).

\*Certified, that the amount sought to be withdrawn/loan to be availed is required for the use of .....who is alive and still a Minor.

*Signature or thumb impression of account holder/guardian*

*(Thumb impression should be attested by a person known to accounts office)*

**Payment Order**

(For office use only)

Date .....

**Payment detail**

Principal amount Rs. ....

(+) Interest due Rs. ....

(-) Recovery of overpaid interest Rs. ....

Deduction if any Rs. ....

Total Amount due Rs. ....

Pay Rs. .... (in figures) Rupees ..... (in words)

Date:

Signature of Postmaster/Manager

**Acquittance**

(To be filled by depositor)

Received Rs. .... (In figures) Rupees ..... (in words) By cash/  
cheque/DD bearing No.....dated...../by transfer  
to Account No.

Date:

*Signature/thumb impression of account holder/guardian*

**FORM 4**

[ See sub-paragraph (1) of paragraph 12]

**(Application for extension of account)**

To,  
The Postmaster/Manager

.....  
.....

Sir,

1. My PPF account number .....has matured on .....
2. I request for extension of my PPF account number..... for a further block period of five years.

3. I have understood the terms and conditions applicable to the account during the period of extension under the said scheme as amended from time to time and shall abide by them.

I hereby declare that I, and the minor (in case of minor account) continues to be Resident Citizen of India at the time of commencement of the block period of five years.

*Date:*

*Signature of the account holder/guardian*

*Place:*

*(Name and address)*

.....

**For the use of Accounts Office**

The account No. ...., which was opened on ..... with Rs. .... (Rupees.....) and matured on ....., has been extended for a period of .....years with effect from ..... to .....under rule .....of the .....scheme.

Necessary entries have been made in the records and passbook/deposit receipt/ statement of account.

*Date:*

*Signature of Postmaster/Manager*

*Seal*

**FORM 5**

[See sub-paragraph (1) of paragraph 13]

**(Application for premature closure of account)**

To,

The Postmaster/Manager

.....  
.....

Sir,

1. I wish to prematurely close my Account No. ....having balance of..... (Rupees .....Only) and request you to pay the amount after deduction of applicable penalty, as per details given below:—

Please Credit the amount to my SB Account No. ....standing at ..... (Name of Account office).

or

Please issue a Demand Draft/account payee cheque

or

Please pay in cash (applicable if the amount is below permissible limit)

2. I hereby declare that the provisions under which the account can be closed before maturity have been complied with.

Necessary documents as applicable are attached as under:—

1.

2.

\*Certified, that the amount sought to be withdrawn/loan to be availed is required for the use of .....who is alive and still a Minor.

Date: ..... Signature or thumb impression of account holder/guardian

(Thumb impression of the depositor should be attested by a person known to the accounts office)

For office use only

Payment detail

Eligible balance in Account Rs. ....

Less Penalty amount Rs. ....

Total Amount to be paid Rs. .... (In figures)

(In words) .....

Date: ..... Stamp Signature of Postmaster/Manager

Acquittance

(to be filled by account holder/messenger)

Received Rs ..... (In figures) Rupees ..... (in words) By cash/cheque/DD bearing No. .... dated...../by transfer to Account No.....

Date: ..... Signature/thumb impression of account holder/guardian

Place:

**DIVISION 23****NATIONAL SAVINGS  
CERTIFICATES (VIII ISSUE)  
SCHEME, 2019*****Arrangement of Paragraphs***

<b>PARA</b>		<b>PAGE</b>
1.	Short title and commencement	23.3
2.	Definitions	23.3
3.	Types of account	23.3
4.	Deposits	23.4
5.	Payment on maturity	23.4
6.	Pledging of account	23.5
7.	Premature closure of account	23.6
8.	Transfer of account from one individual to another	23.8
9.	Payment on the death of account holder	23.8
10.	Application of General Rules	23.9
11.	Power to relax	23.9
FORM 1	: Application for opening an account	23.10
FORM 2	: Application for closure of account	23.13
FORM 3	: Application for pledging of account	23.14



# **NATIONAL SAVINGS CERTIFICATES (VIII ISSUE) SCHEME, 2019**

**NOTIFICATION NO. G.S.R. 919(E), DATED 12-12-2019**

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*In exercise of the powers conferred by section 3A of the Government Savings Promotion Act, 1873 (5 of 1873), the Central Government hereby makes the following Scheme, namely:—*

## **Short title and commencement**

1. (1) This Scheme may be called the National Savings Certificates (VIII Issue) Scheme, 2019.

(2) It shall come into force on the date of its publication in the Official Gazette.

## **Definitions**

2. (1) In this Scheme, unless the context otherwise requires,—

- (a) "account" means an account opened under this Scheme;
- (b) "account holder" means an individual in whose name the account is held;
- (c) "Act" means the Government Savings Promotion Act, 1873 (5 of 1873);
- (d) "Form" means forms appended to this Scheme;
- (e) "General Rules" means the Government Savings Promotion General Rules, 2018;
- (f) "year" means a period of twelve months commencing from the date of deposit in the account.

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

## **Types of account**

3. (1) On an application to the accounts office in Form 1, the following types of accounts can be opened under the Scheme, namely:—

- (a) Single Holder Type Account;
- (b) Joint A - Type Account; and
- (c) Joint B - Type Account.

(2) (a) A Single Holder Type Account may be opened by an adult for himself, or on behalf of a minor or a person of unsound mind of whom he is the guardian; or by a minor who has attained the age of ten years;

(b) Joint A - Type Account may be opened jointly in the names of upto three adults payable to all the holders jointly or to the survivor or survivors;

(c) Joint B - Type Account may be opened jointly in the name of upto three adults payable to any of the account holders or to the survivor or survivors.

#### **Deposits**

4. (1) A minimum of one thousand rupees and any sum in multiples of one hundred rupees may be deposited in an account.

(2) There shall be no maximum limit for deposit in an account or in accounts held by an account holder.

(3) An individual may open any number of accounts.

#### **Payment on Maturity**

5. (1) The deposit shall mature on completion of five years from the date of the deposit. Amount of maturity may be repaid to the account holder on an application in Form 2 submitted to the accounts office.

*[(2) The maturity value of an account opened between 12th December, 2019 to 31st March, 2020 (both days inclusive) with one thousand rupees shall be one thousand four hundred sixty two rupees and fifty four paise and proportionate for deposits made with any other sum as per sub-paragraph (1) of paragraph 4. In calculation of maturity value, any amount in fraction of a rupee shall be rounded off to the nearest rupee and for this purpose, any amount of fifty paise or more shall be treated as one rupee and any amount less than fifty paise shall be ignored.]*

*(2A) The maturity value of an account opened on or after the 1st day of April, 2020 with one thousand rupees shall be one thousand three hundred eighty nine rupees and forty nine paise and proportionate for deposits made with any other sum as per sub-paragraph (1) of paragraph 4. In calculation of maturity value, any amount in fraction of a rupee shall be rounded off to the nearest rupee and for this purpose, any amount of fifty paise or more shall be treated as one rupee and any amount less than fifty paise shall be ignored.]*

(3) A certificate of annual accrual of interest shall be issued by the accounts office, on demand, to the account holder. The interest as specified in the Table below shall accrue to the holder or holders of the certificate at the end of each year and the interest so accrued at the end of each year upto the end of the fourth year shall be deemed to have been reinvested on behalf of the holder and aggregated with the amount of face value of the certificate.

- 
1. Sub-paragraphs (2) and (2A) substituted for sub-paragraph (2) by the National Savings Certificates (VIII Issue) (Amendment) Scheme, 2020, w.r.e.f. 1-4-2020. Prior to its substitution, sub-paragraph (2) read as under :

*"(2) The maturity value of an account opened with one thousand rupees shall be One thousand Four hundred sixty two rupees and fifty four paise and proportionate for deposits made with any other sum as per sub-paragraph (1) of paragraph 4. In calculation of maturity value, any amount in fraction of a rupee shall be rounded off to the nearest rupee and for this purpose, any amount of fifty paise or more shall be treated as one rupee and any amount less than fifty paise shall be ignored."*

[TABLE 1

[For the certificates purchased between 12th December, 2019 to 31st March, 2020 (both days inclusive)]

The year for which interest accrues	Amount of interest (rupees) accruing on certificate of Rs. 1000 denomination
First Year	79.00
Second Year	85.24
Third Year	91.98
Fourth Year	99.24
Fifth Year	107.08

TABLE 2

[For the certificates purchased on or after the 1st day of April, 2020]

The year for which interest accrues	Amount of interest (rupees) accruing on certificate of Rs. 1000 denomination
First Year	68.00
Second Year	72.62
Third Year	77.56
Fourth Year	82.84
Fifth Year	88.47

**Note:** The amount of interest accruing on a certificate of any other denomination shall be proportionate to the amount specified in the Tables above.]

### Pledging of account

6. (1) An Account may be pledged or transferred as security, on an application made by the depositor in Form 3 supported with acceptance letter from the pledgee.

(2) Transfer of an account under this paragraph may be made to—

(a) the President of India or the Governor of a State in his official capacity;

2. Tables 1 and 2 substituted for Table by the National Savings Certificates (VIII Issue) (Amendment) Scheme, 2020, w.r.e.f. 1-4-2020. Prior to its substitution, Table read as under :

\*TABLE

The year for which interest accrues	Amount of interest (rupees) accruing on certificate of 1000 rupees denomination
First Year	79.00
Second Year	85.24
Third Year	91.98
Fourth Year	99.24
Fifth Year	107.08

**Note:** The amount of interest accruing on a certificate of any other denomination shall be proportionate to the amount specified in the said Table."



- (b) the Reserve Bank of India or a Scheduled Bank or a Co-operative Society, including a Co-operative Bank;
- (c) a public or private corporation or a Government company;
- (d) a local authority; or
- (e) a housing finance company approved by the National Housing Bank and notified by the Central Government:

**Provided** that the transfer of an account opened on behalf of a minor or a person of unsound mind shall not be permitted under this rule unless the guardian of the minor or the person of unsound mind, as the case may be, certifies in writing that the minor or the person of unsound mind, as the case may be, is alive and that the transfer is for the benefit of the minor or the person of unsound mind.

(3) When any account is transferred as security under sub-paragraph (1), the authorised officer shall make the following endorsement in the record of the Account, including the Savings Certificate, namely:—

"Transferred as security to ....." .

(4) Except as otherwise provided in this scheme, the transferee of an account under this paragraph shall, until it is transferred back under sub-paragraph (5), be deemed to be the depositor.

(5) An account transferred under this paragraph may, on written authority of the transferee, be re-transferred back with the previous sanction in writing of the authorised officer and when any such re-transfer is made, the authorised officer of the accounts office shall make the following endorsement in the record of the account, including Certificate, namely:—

"transferred back to.....".

(6) A blind or a person with physical infirmity making him incapable of operating the account may pledge his deposit through any literate individual whom he authorises for this purpose.

#### **Premature closure of account**

7. (1) The account shall not be closed before maturity except in the following cases, namely:—

- (a) on the death of the account holder in a single account, or any or all the account holders in a joint account;
- (b) on forfeiture by a pledgee being a Gazetted Officer, when the pledge is in conformity with this Scheme;
- (c) when ordered by a court.

(2) Where an account is prematurely closed under sub-paragraph (1) before the expiry of one year from the date of deposit, only principal amount shall be payable.

(3) If the account is prematurely closed under sub-paragraph (1) after the expiry of one year but before the expiry of three years from the date of deposit, the premature closure shall be allowed and on such premature closure of the account interest on principal amount at the rate applicable to the Post Office Savings Account from

time to time for the complete months for which the account has been held, shall be payable.

(4) If an account is prematurely closed under sub-paragraph (1) after the expiry of three years from the date of the opening, the amount payable, inclusive of interest accrued under paragraph 5 for a deposit of one thousand rupees and at a proportionate rate for other amounts of deposits, shall be as specified in the table below:—

**TABLE 1**

*[Table showing premature closure value of account opened between 12th December, 2019 to 31st March, 2020 (both days inclusive) with 1000 rupees]*

Period from the date of the account to the date of its premature closure	Amount payable inclusive of interest (Rupees)
(1)	(2)
<i>Three years or more, but less than three years and six months</i>	<b>1221.61</b>
<i>Three years and six months or more, but less than four years</i>	<b>1263.05</b>
<i>Four years or more, but less than four years and six months</i>	<b>1305.90</b>
<i>Four years and six months or more, but less than five years</i>	<b>1350.20</b>

**TABLE 2**

*[Table showing premature closure value of account opened on or after the 1st day of April, 2020 with 1000 rupees]*

Period from the date of the account to the date of its premature closure	Amount payable inclusive of interest (Rupees)
(1)	(2)
<i>Three years or more, but less than three years and six months</i>	<b>1184.29</b>

3. Tables 1 and 2 substituted for Table by the National Savings Certificates (VIII Issue) (Amendment) Scheme, 2020, w.r.e.f. 1-4-2020. Prior to its substitution, Table read as under :

**TABLE**

*(Table showing premature closure value of account opened on or after date of notification with 1000 rupees)*

Period from the date of the account to the date of its premature closure	Amount payable inclusive of interest (Rupees)
(1)	(2)
<i>Three years or more, but less than three years and six months</i>	1221.61
<i>Three years and six months or more, but less than four years</i>	1263.05
<i>Four years or more, but less than four years and six months</i>	1305.90
<i>Four years and six months or more, but less than five years</i>	1350.20*

Period from the date of the account to the date of its premature closure	Amount payable inclusive of interest (Rupees)
(1)	(2)
<i>Three years and six months or more, but less than four years</i>	<b>1218.15</b>
<i>Four years or more, but less than four years and six months</i>	<b>1252.98</b>
<i>Four years and six months or more, but less than five years</i>	<b>1288.80</b>

#### **Transfer of account from one individual to another**

8. An account may be transferred from one individual to another, subject to the condition that the transferee is eligible to open an account under this Scheme, in the following cases, namely:—

- (i) on the death of account holder in case of a single account or on the death of all the account holders in a joint account, the amount shall be transferred to the legal heirs or the nominees as the case may be;
- (ii) on the order of the court, the account shall be transferred from the account holder to the court or to any other individual as per the orders of the court;
- (iii) on pledging, account shall be transferred in accordance with paragraph 6;
- (iv) in the event of the death of any of the account holders in a joint account, the account shall be transferred in the name of the surviving account holder or account holders, as the case may be.

#### **Payment on the death of account holder**

9. (1) In the event of death of the depositor of a single account or of all the depositors in a joint account, the eligible balance in the account shall be payable as specified in paragraphs (2) to (6).

(2) If a nomination is in force at the time of death of the depositor of a single account or all the depositors of a joint account, the nominee may make an application in Form-2 to the accounts office for payment of the eligible balance and the application shall be accompanied by the proof of death of the depositor, and where any other nominee has also died, the proof of death of such nominee.

(3) If there are two or more surviving nominees, the eligible balance shall be paid in the proportion as specified by the depositor while making the nomination, and if no such proportion or share is specified, then in equal proportion to all the surviving nominees.

(4) If any nominee dies, his specified share in the eligible balance shall be distributed among the surviving nominees in the same proportion as their specified shares.

(5) Where the surviving nominee is a minor, the payment shall be made to a person appointed by the depositor to receive such payment and, if no such person has been appointed, to the guardian of the minor.

(6) If a depositor dies and there is no nomination in force at the time of his death, and probate of his will or letters of administration of his estate or a succession certificate as granted in the Indian Succession Act, 1925 (39 of 1925) is not produced within six months from the death of the depositor to the authorised officer of the accounts office where the account stands, then,—

- (i) if the eligible amount in the account does not exceed ₹ 5 lakh, the authorised officer of the accounts office or the authority specified by the institution to which the accounts office belongs, may pay the same to any person appearing to him as the rightful claimant and to his satisfaction to be entitled to receive the amount or to administer the estate of the deceased, on an application in Form-2 accompanied by the following documents; namely:—
  - (a) death certificate;
  - (b) passbook or deposit receipt / statement of account in original;
  - (c) Affidavit;
  - (d) letter of disclaimer;
  - (e) Bond of Indemnity;
- (ii) if the eligible amount in the account of the deceased is above ₹ 5 lakh, the amount shall be paid by the accounts office to the claimant on submission of 'Succession Certificate' issued by the court along with the following documents; namely:—
  - (a) claim form;
  - (b) passbook or deposit receipt or statement of account in original;
  - (c) death certificate of the account holder.

(2) Where there are not more than three surviving nominees or legal heirs, they may, at their option, continue the account and receive the amount of deposit along with interest on maturity in the manner provided for in this Scheme, as if they had opened the account themselves.

(3) Where the account is not continued under sub-paragraph (2), it shall be closed and the amount of deposit along with interest as provided in paragraph 7 shall be paid.

(4) On the death of one or two of the account holders in a joint account, the surviving account holder or holders, if any, shall be treated as the owner or owners of the account and such account holder or holders may continue the account or close the account in the manner specified under sub-paragraph (3).

#### **Application of General Rules**

10. The provisions of the General Rules shall, so far as may be, apply in relation to the matters for which no provision has been made in this Scheme.

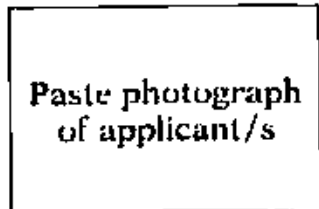
#### **Power to relax**

11. Where the Central Government is satisfied that the operation of any of the provisions of this Scheme causes undue hardship to the account holder, it may by order, for reasons to be recorded in writing, relax the requirements of that provision or provisions in a manner not inconsistent with the provisions of the Act.

FORM 1

[See sub-paragraph (1) of paragraph 3]
(Application for opening an account)

To,
The Postmaster/Manager
.....
.....



Sir,
I/We .....(account holder(s)/guardian) hereby apply for opening of an
account under National Savings Certificates (VIII issue) Scheme in your Post Office/Bank.
I/We tender herewith Rs...../-
(.....) in cash/Cheque/DD.
No..... date..... as initial deposit. My/our particulars are as under:-

1. Name of First Depositor

.....
Husband/Father/Mother's name or Guardian appointed by Court
.....

Date of Birth .....
(DD/MM/YYYY )
(In words).....

2. Name of Second Depositor

.....
Husband/Father/Mother's name
.....

Date of Birth .....
(DD/MM/YYYY )
(In words).....

3. Name of Third Depositor

.....
Husband/Father/Mother's name
.....

Date of Birth .....
(DD/MM/YYYY )
(In words).....

4. Name of minor/person of unsound mind account holder

.....
Father/Mother/Guardian's name
.....

Date of Birth .....  
(DD / MM / YYYY )  
(In words).....

5. Aadhaar Number of account holder(s) .....

6. Permanent Account Number (PAN) of account holder(s) .....

7. Present Address .....

Permanent Address .....

8. Contact details Telephone Number.....

Mobile Number.....

Email ID.....

9. Type of Account Single or Joint or through Guardian for Minor or person of unsound mind or blind or differently abled through authorised person.

10. (\*) Details of date of birth of minor .....  
(Applicable in case of minor account)

(a) Certificate No. ....

(b) Date of Issue .....

(c) Issuing authority .....

11. (\*) Name of Guardian (Natural/ Legal) .....

(In case the account is opened on behalf of a Minor/person of unsound mind)

12. Details of other KYC documents attached 1. Proof of identification .....

2. Address proof .....

The following documents are accepted as valid documents for the purpose of identification and address proof: 1. Passport 2. Driving license 3. Voter's ID card 4. Job card issued by NREGA signed by the State Government officer 5. Letter issued by the National Population Register containing details of name and address.

13. The operation of the account will be:- (a) By all the holders together or the surviving holder/s.

(In case of joint account) (b) By either of the holder/s, or the surviving depositor/s,

14. My/our specimen Signatures

1..... 2..... 3.....

(Name).....

1..... 2..... 3.....

(Name).....

1..... 2..... 3.....

(Name).....

1..... 2..... 3.....

(Name).....

I hereby undertake to abide by the scheme provisions and Government Savings Promotion Rules, 2018 applicable on the Scheme and amendments issued thereto from time to time.

Signature or thumb impression of account holder(s)/guardian

Date:.....

**Nomination**

16. I/we.....hereby nominate the person(s) mentioned below to whom to the exclusion of all other persons in the event of my death the amount standing to my credit in National Savings Certificates (VIII issue) at the time of my death would be payable.

S. No.	Name(s) of the nominee(s) and relationship	Full address (s)	Aadhaar number of nominee (optional)	Date of birth of nominee in case of minor	Share of entitlement	Nature of entitlement Trustee or owner
1						
2						
3						
4						

As the nominee(s) at Serial No.(s) ..... specified above is/are minor(s), I appoint Shri/Smt./Kumari.....

..S/o, D/o, W/o..... Address.....

.....to receive the sum due under the said account in the event of my death during the minority of the nominee(s).

1. Signature of witness.....  
 Name & Address.....
2. Signature of witness.....  
 Name & Address.....

Signature or thumb impression of account holder(s)/guardian

Place:

Date:

**For use of Post Office/Bank**

The account has been opened in the name of ..... on  
 ..... with initial deposit of Rs. .... under  
 ..... (name of the scheme) vide Account No.  
 ..... dated .....

Customer identification Number.....

Nomination has been registered vide No. .... dated  
 .....

Signature and seal of competent authority

**FORM 2**

[See sub-paragraph (1) of paragraph 5]  
**(Application for closure of account)**

Name of Post Office/Bank ..... Date .....

Account Number .....

1. I/we hereby submit passbook/deposit receipt and apply for closure of my/our above mentioned account matured on.....
2. Please Credit the amount of eligible balance in my matured account to my SB Account No.....standing at.....(Name of Account office).

or

Please issue a Demand Draft/account payee cheque

or

Please pay in cash (applicable if the amount is below permissible limit).

\*Certified, that the amount held in the account is required for the use of  
 .....who is alive and still a Minor.

Signature or thumb impression of account holder(s)/guardian

(Thumb impression should be attested by a person known to Accounts office)

**Payment Order**

(For office use only)

Date .....

**Payment detail**

Principal amount Rs. ....



(+) Interest due Rs. ....  
 (-) Recovery of overpaid interest Ra. ....  
 Deduction if any Rs. ....  
 Total Amount due Rs. ....  
 Pay Rs. ....(in figures) Rupees .....(in words)  
 Date:

Signature of Postmaster/Manager

**Acquittance**

(to be filled by depositor)

Received Rs. .... (In figures) Rupees ..... (in words) By cash/  
 cheque/DD bearing No. .... dated ...../by transfer  
 to Account No. ....

Date: Signature/thumb impression of account holder(s)/guardian

**FORM 3**

[See sub-paragraph (1) of paragraph 6]

**(Application for pledging of account)**

To,  
 The Postmaster/Manager

Sir,

1. I/We ..... am/are required to deposit an amount of Rs. .... as security with ..... (official designation of the Gazetted Officer of the Government or name of the Reserve Bank of India or a Scheduled Bank, Co-operative Bank, Registered Co-operative Society, Corporation, A Government Company or Local Authority). I/We therefore request you to transfer the deposit in Account Number ..... under National Savings Certificates (VIII issue) as security in favour of ..... (Official Designation of the Officer or name of the Branch etc. to whom the Account is being pledged as security.)

2. I/We agree that the account(s) can be encashed by the pledgee when the security has been forfeited. Nomination *vide* registration number ..... in the account stands cancelled.

**Particulars of Account**

Account number	Date	Name of Account office	Amount

The authority mentioned above has agreed to accept the pledge. A pledge acceptance duly signed by the competent authority as pledgee is attached.

Dated : .....

Signature of account holder(s)/guardian

Address.....

**For office use only**

Account number ..... has been pledged *vide* registration No. ....  
dated ..... and necessary entries have been marked in the record. Passbook/  
deposit receipt/statement of account has also been marked with pledge and returned  
to the account holder.

*Signature of Postmaster/Manager*

*Seal*

**DIVISION 24****CENTRALISED PROCESSING  
OF RETURNS SCHEME, 2011*****Arrangement of Paragraphs***

<b>PARA</b>		<b>PAGE</b>
1.	Short title and commencement	24.3
2.	Definitions	24.3
3.	Scope of the Scheme	24.3
4.	Receipt and Acknowledgement of Return of Income	24.3
5.	Revised return of income	24.4
6.	Invalid or defective return	24.4
7.	Centralised Processing Centres	24.5
8.	Processing of Returns	24.5
9.	Rectification of mistake	24.6
10.	Adjustment against outstanding tax demand	24.6
11.	Appellate Proceedings	24.6
12.	No personal appearance in the Centre	24.6
13.	Service of notice or communication	24.7
14.	Power to specify procedure and processes	24.7
◆	Application of provisions of Act relating to processing of returns	24.8



# **CENTRALISED PROCESSING OF RETURNS SCHEME, 2011**

**NOTIFICATION NO. SO 16(E), DATED 4-1-2012**

*In exercise of the powers conferred by sub-section (1A) of section 143 of Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby specifies the following scheme for processing of returns of income, namely:—*

## **Short title and commencement.**

1. (1) This Scheme may be called the Centralised Processing of Returns Scheme, 2011.

(2) It shall come into force on the date of its publication in the Official Gazette.

## **Definitions.**

2. In this scheme, unless the context otherwise requires—

(a) 'Act' means the Income-tax Act, 1961 (43 of 1961).

(b) 'Board' means Central Board of Direct Taxes constituted under the Central Board of Revenues Act, 1963 (54 of 1963).

(c) 'Centre' means the Centralised Processing Centre having jurisdiction over such return of income as may be specified by the Board.

(d) 'Commissioner' means the Commissioner of Income-tax, Centralised Processing Centre.

(e) 'Director General' means the Director General of Income-tax (Systems).

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

## **Scope of the Scheme.**

3. This scheme shall be applicable in cases where return of income has been furnished in,—

(i) electronic form; or

(ii) paper form, in case of a class or classes of persons, as notified by the Board in this behalf.

## **Receipt and Acknowledgement of Return of Income.**

4. (1) Where a return of income is filed electronically with digital signature, on successful transmission of the data, an acknowledgement as generated by the server of the Central Government shall be available to the person in printable format.

(2) The acknowledgement shall contain the acknowledgement number of the electronic transmission and the date of transmission as an evidence of filing of the return.

(3) A copy of the electronic transmission of filing the return of income shall be downloaded and kept by the person.

(4) Where a return of income is filed electronically without digital signature, on successful transmission of the data, an acknowledgement in Form ITR-V as provided in rule 12 of the Income-tax Rules, 1962 shall be generated by the server of the Central Government and available to the person.

(5) The Form ITR-V shall also contain the acknowledgement number of the electronic transmission and the date of transmission as an evidence of filing of the return.

(6) A copy of ITR-V shall be downloaded and after taking a printout of such a form, it shall be physically verified under the signature of the person and forwarded to the Centre.

(7) The Form ITR-V duly verified shall be sent to the Centre, either through ordinary or speed post, within such period of uploading the electronically filed return as may be specified by the Director General in this behalf.

(8) The date of transmitting the data electronically shall be the date of furnishing the return if the Form ITR-V is furnished in the prescribed manner and within the period specified.

(9) In case Form ITR-V furnished after the prescribed time is rejected on account of it being unsigned, illegible, mutilated, bad quality or not as per specification, it shall be deemed that the return in respect of which the Form ITR-V has been filed was never furnished and it shall be incumbent on the person to electronically file the return of income again followed by submission of the new Form ITR-V.

(10) The Form ITR-V shall be submitted at the address, in the mode and within the period or extended period specified by the Commissioner in this behalf.

(11) The Commissioner may, in order to avoid hardship in a case or class of cases, condone the delay in receipt of Form ITR-V.

(12) The Commissioner may call for fresh Form ITR-V in special circumstances, where the Form ITR-V earlier submitted cannot be considered for technical reasons.

#### **Revised return of income.**

5. (1) If the original return of income is an electronically filed return, the revised return shall be filed through electronic mode only.

(2) The Centre will process only the revised return and no further action will be taken on the original return if it has not already been processed.

#### **6. Invalid or defective return.**

(i) The Commissioner may declare—

(a) a return invalid for non-compliance of procedure for using any software not validated and approved by the Director General.

- (b) a return defective under sub-section (9) of section 139 of the Act on account of incomplete or inconsistent information in the return or in the schedules or for any other reason.
- (ii) In case of a defective return, the Centre shall intimate this to the person through e-mail or by placing a suitable communication on the e-filing website.
- (iii) A person may comply with the notice regarding defective return by uploading the rectified return within the period of time mentioned in the notice.
- (iv) The Commissioner may, in order to avoid hardship to the person, condone the delay in uploading of rectified return.
- (v) In case no response is received from the person in reply to the notice of defective return, the Commissioner may declare a return as not having been uploaded at all or process the return on the basis of information available.

#### **Centralised Processing Centres.**

7. (1) The Board may set up as many Centralised Processing Centres as it may deem necessary and specify their respective jurisdictions.
- (2) The processing of the returns shall be undertaken at the Centralised Processing Centre.

#### **8. Processing of Returns.**

- (i) The Centre shall process a valid return of income in the following manner, namely:—
  - (a) the sum payable to, or the amount of refund due to, the person shall be determined after credit of such Tax Collected at Source (TCS), Tax Deducted at Source (TDS) and tax payment claims which can be automatically validated with reference to data uploaded through TDS and TCS statements by the deductors or the collectors, as the case may be, and tax payment challans reported through authorised banks in accordance with the procedures adopted by the Centre in this regard;
  - (b) an intimation shall be generated electronically and sent to the person by e-mail specifying the sum determined to be payable by, or the amount of the refund due to, the person; and
  - (c) any intimation to the person to pay any sum determined to be payable shall be deemed to be a notice of demand as per the provisions of section 156 of the Act and all other provisions of the Act shall be applicable accordingly.
- (ii) The Commissioner may,—
  - (a) adopt appropriate procedure for processing of returns; or
  - (b) decide the order of priority for processing of returns of income based on administrative requirements.
- (iii) Wherever a return cannot be processed in the Centre for any reasons, the Commissioner shall arrange to transmit such return to the Assessing Officer having jurisdiction for processing.

**9. Rectification of mistake.**

- (i) With a view to rectifying any mistake apparent from the record under section 154 of the Act, the Centre, on its own or on receiving an application from the person, may amend any order or intimation passed or sent by it under the provisions of the Act.
- (ii) An application for rectification shall be filed electronically to the Centre in the format prescribed and will be processed in the same manner as a return of income-tax.
- (iii) Where the rectification order results in a demand of tax, the order under section 154 of the Act passed by the Centre shall be deemed to be a notice of demand under section 156 of the Income-tax Act.
- (iv) In case of error in processing due to an error in data entry or a software error or otherwise, resulting in excess refund being computed or reduction in demand of tax, the same will be corrected on its own by the Centre by passing a rectification order and the excess amount shall be recovered as per the provisions of the Act.
- (v) Where a rectification has the effect of enhancing an assessment or reducing the refund or otherwise increasing the liability of the person, an intimation to this effect shall be sent to the person electronically by the Centre and the reply of the person has to be furnished through electronic mode only.

**Adjustment against outstanding tax demand.**

**10.** The set-off of refund, if any, arising from the processing of a return, against tax remaining payable will be done by using the details of outstanding tax demand lying against the person as uploaded onto the system of the Centre by the Assessing Officer.

**11. Appellate Proceedings.**

- (i) Where a return is processed at the Centre, the appeal proceedings relating to the processing of the return shall lie with Commissioner of Income-tax (Appeals) [CIT(A)] having jurisdiction over the jurisdictional Assessing Officer and any reference to Commissioner (Appeals) in any communication from the Centre shall mean such jurisdictional CIT (Appeals).
- (ii) Remand reports, giving effect to appellate order and any other reports to be furnished before the CIT (Appeals) shall be submitted by the Assessing Officer having jurisdiction as regards the person.

**12. No personal appearance in the Centre.**

- (i) A person shall not be required to appear either personally or through authorised representative before the authorities at the Centre in connection with any proceedings.
- (ii) Written or electronic communication from such person or authorized representative in the format specified by the Centre in this respect shall be sufficient compliance of the query or clarification received from the Centre.



- (iii) The Centre may call for such clarification, evidence or document as may be required for the purpose of facilitating the processing of return and all such clarification, evidence or document shall be furnished electronically.

**13. Service of notice or communication.**

- (i) The service of a notice or order or any other communication by the Centre may be made by—
  - (a) sending it by post;
  - (b) delivering or transmitting its copy thereof, electronically to the person sent by the Centre's e-mail;
  - (c) placing its copy in the registered electronic account of the person on the official website; or
  - (d) any of the modes mentioned in sub-section (1) of section 282 of the Act.
- (ii) The date of posting of any such communication on official website, e-mail or other electronic medium shall be deemed to be the date of service.
- (iii) The intimation, orders and notices shall be computer generated and need not carry physical signature of the person signing it.

**Power to specify procedure and processes.**

**14.** The Director General may specify procedures and processes from time to time for effective functioning of the Centre in an automated and mechanised environment, including specifying the procedure and processes in respect of the following:—

- (i) receipt and processing of electronic rectification applications in the Centre.
- (ii) the address or place, the mode and the period or the extended period within which the acknowledgement in Form ITR-V shall be accepted.
- (iii) validating any software used for e-filing the return.
- (iv) call centres to answer queries and provide taxpayer services which may include outbound calls to persons requesting for clarification to assist in the processing of their returns of income.
- (v) managing tax administration functions such as receipt, scanning, data entry, processing, issue of refunds, storage and retrieval of income-tax returns and documents in a centralised manner or receipt of paper documents through authorized intermediaries.

# **APPLICATION OF PROVISIONS OF ACT RELATING TO PROCESSING OF RETURNS**

**NOTIFICATION NO. SO 17(E), DATED 4-1-2012**

*In exercise of powers conferred by sub-section (1B) of section 143 of Income-tax Act, 1961 (43 of 1961), for the purpose of giving effect to the Centralised Processing of Returns Scheme, 2011 made under sub-section (1A) of section 143 of the said Act, the Central Government hereby directs that, the following provisions of the Act relating to processing of returns shall not apply or shall apply with such exceptions, modifications and adaptations as specified hereunder, namely:—*

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

**2. The provisions of section 139 of the Act shall apply to returns received under Centralised Processing of Returns Scheme, 2011 subject to the following, namely :—**

- A. (i)** All ITR-V (acknowledgement) forms duly verified shall be sent to the Centralised Processing Centre, either through ordinary or speed post, within such period of uploading the electronically filed return as may be specified by the Director General in this behalf.
- (ii)** The date of transmitting the data electronically shall be the date of furnishing the return if the Form ITR-V is furnished in the prescribed manner and within the specified period.
- (iii)** In case Form ITR-V furnished after the prescribed time is rejected on account of it being unsigned, illegible, mutilated, bad quality or not as per specification, it shall be deemed that the return in respect of which the Form ITR-V has been filed was never furnished and it shall be incumbent on the person to electronically file the return of income again and follow it up by submitting the new Form ITR-V.
- (iv)** The Form ITR-V shall be submitted at the address, in the mode and within the period or extended period specified in this behalf.
- (v)** The Commissioner Centre may, in order to avoid hardship in a case or class of cases, condone the delay in receipt of Form ITR-V.
- (vi)** The Centre may call for fresh Form ITR-V in special circumstances, where the Form ITR-V submitted earlier cannot be considered for technical reasons.

- B**
- (i) If the original return of income is an electronically filed return, the revised return shall be filed through electronic mode only.
  - (ii) The Centre shall process only the revised return and no further action shall be taken on original return if it has not already been processed.
  - (iii) The Commissioner may declare—
    - (a) a return invalid for non-compliance of procedure for using any software not validated and approved by the Director General;
    - (b) a return defective under sub-section (9) of section 139 of the Act on account of incomplete or inconsistent information in the return or in the schedules or for any other reason.
- C**
- (i) In case of a defective return, the Commissioner shall intimate this to the person through e-mail or by placing a suitable communication on the e-filing website.
  - (ii) A person shall comply with the notice regarding defective return by uploading the rectified return within the period of time mentioned in the notice.
  - (iii) The Commissioner may, in order to avoid hardship to the person, condone the delay in uploading of rectified return.
  - (iv) In case no response is received from the person in reply to the notice of defective return, the Commissioner may declare a return as not having been uploaded at all or process the return on the basis of information available.
- D**
- (i) A person shall not be required to appear either personally or through authorised representative before the authorities at the Centre in connection with any proceedings.
  - (ii) Written or electronic communication from such person or authorised representative in the format specified by the Centre in this respect shall be sufficient compliance of the query or clarification received from the Centre.

**3.** The provisions of section 143 of the Act shall apply to all returns received under the Centralised Processing of Returns Scheme, 2011 subject to the following, namely:—

- (i) the sum payable to, or the amount of refund due to, the person shall be determined after credit of such Tax collected at Source (TCS), Tax Deducted at Source (TDS) and tax payment claims which can be automatically validated with reference to data uploaded through TDS and TCS statements by the deductors or the collectors, as the case may be, and tax payment challans reported through authorised banks in accordance with business rules laid out by the Centre in this regard;
- (ii) an intimation shall be generated electronically and sent to the person by e-mail specifying the sum determined to be payable by, or the amount of the refund due to, the person;

- (iii) any intimation to the person to pay any sum determined to be payable shall be deemed to be a notice of demand as per the provisions of section 156 of the Act and all other provisions of the Act shall be accordingly applicable.
- (iv) The Commissioner may,—
  - (a) adopt appropriate procedures for processing of returns; and
  - (b) decide the order of priority for processing of returns of income based on administrative requirements.
- (v) Wherever a return cannot be processed in the Centre for any reason, the Commissioner shall arrange to transmit such return to the Assessing Officer having jurisdiction for processing.
- (vi) The Centre may call for such clarification, evidence or document as may be required for the purpose of facilitating the processing of return and all such clarification, evidence or document shall be furnished electronically.

**4.** The provisions of section 154 of the Act shall apply to all the returns received under the Centralised Processing of Returns Scheme, 2011 subject to the following, namely:—

- (i) An application for rectification shall be filed electronically to the Centre in the format prescribed and shall be processed in the same manner as an Income-tax return.
- (ii) In case of error in processing due to an error in data entry or a software error or otherwise, resulting in excess refund being computed or reduction in demand of tax, the same will be corrected on its own by the Centre by passing a rectification order and the excess amount shall be recovered as per the provisions of the Act.
- (iii) Where a rectification has the effect of enhancing an assessment or reducing the refund or otherwise increasing the liability of the person, an intimation to this effect shall be sent to the person electronically by the Centre and reply of the person shall be furnished through electronic mode only.
- (iv) Where the rectification order results in a demand of tax, the order under section 154 of the Act passed by the Centre shall be deemed to be a notice of demand under section 156 of the Income-tax Act.

**5.** The provisions of section 245 of the Act shall apply to the returns covered under the Centralised Processing of Returns Scheme, 2011 subject to the following, namely:—

The set-off of refund, if any, arising from the processing of a return, against tax remaining payable shall be done by using the details of outstanding tax demand in respect of the person as uploaded onto the system of the Centre by the Assessing Officer.

**6. (i)** Where a return is processed at the Centre, the appeal proceedings relating to the processing of the return shall lie with Commissioner of Income-tax (Appeals) having jurisdiction over the Assessing Officer and any reference to the Commissioner of Income-tax (Appeals) in any communication from the Centre shall mean such jurisdiction of the said Commissioner.

(ii) Remand reports, giving effect to appellate order and any other reports to be furnished before the Commissioner of Income-tax (Appeals) shall be submitted by the Assessing Officer having jurisdiction as regards the person.

7. The provisions of section 282 of the Act shall apply to all returns received under the Centralised Processing of Returns Scheme, 2011 subject to the following, namely :—

- (i) The service of a notice or order or any other communication by the Centre may be made by :
  - (a) sending it by post;
  - (b) delivering or transmitting its copy thereof, to the person's e-mail address by the Centre's e-mail;
  - (c) placing its copy in the my account menu of the person on the official website for e-filing of returns; or
  - (d) any of the modes mentioned in section 282(1) of the Income-tax Act.
- (ii) The date of posting of any such communication on the website, e-mail or other electronic medium shall be deemed to be the date of service.
- (iii) The intimation, orders and notices shall be computer generated and need not carry physical signature of the person signing it.

8. The Director General may specify procedures and processes from time to time for effective functioning of the Centre in an automated and mechanised environment, including specifying the procedure and processes in respect of the following :—

- (a) receipt and processing of electronic rectification applications in the Centre;
- (b) the address or place, the mode and the period or the extended period within which the acknowledgement in Form ITR-V shall be accepted;
- (c) validating any software used for e-filing the return;
- (d) call centres to answer queries and provide taxpayer services which may include outbound calls to persons requesting for clarification to assist in the processing of their returns of income; and
- (e) managing tax administration functions such as receipt, scanning, data entry, processing, issue of refunds, storage and retrieval of income-tax returns and documents in a centralized manner or receipt of paper documents through authorised intermediaries.