

Instruction No.03/2018 [F. No.225/249/2018-ITA.II], dated 20-8-2018

It has been a constant endeavour of the Central Board of Direct Taxes (the Board) to reduce human interface in scrutiny assessment proceedings through use of Information Technology. In 2015, on a voluntary basis, a pilot project for purposes of conduct of scrutiny assessment proceedings in five metros through the 'e-mail based assessment' was introduced, which was extended to two more metros in 2016. In addition, in 2016, while issuing notices in scrutiny cases under section 143(2) of the Income-tax Act, 1961 (Act), an option for conduct of assessment proceedings through the 'e-mail based assessment' was given to all assessees of these seven metros.

2. In a significant step, in 2017, Income-tax Department developed an Integrated platform *i.e.* Income Tax Business Application (ITBA) for electronic conduct of various functions/proceedings including assessments. This is integrated with the 'E-filing' portal which is used by the assessee to electronically communicate with the Income-tax Department During the course of assessment proceeding, Assessing Officer is required to send communications through the 'Assessment Module' of ITBA which is delivered in the 'E-filing' account of concerned assessee. Upon receipt of departmental communication, assessee is able to submit the response along with attachments by uploading the same through his 'E-filing' account on the 'E-filing' portal (www.incometaxindiaefiling.gov.in) The response submitted by the assessee is viewed by the Assessing Office electronically in ITBA. This communication of data and documents between the Income-tax Department and assessee through electronic mode is termed '*E-Proceeding*'.

3. Consequently, *vide* Instruction No. 8/2017 dated 29.09.2017, on an optional basis for the assessee, besides the scrutiny cases at seven metro charges already under 'e-mail based assessment', scope of E-Assessment through '*E-Proceeding*' was further extended to pending time barring limited scrutiny cases at those stations where Principal Commissioner of Income-tax were headquartered. Further, in 2017, while issuing notices for scrutiny under section 143(2) of the Act, it was provided that assessment proceeding would be conducted electronically through the '*E-Proceeding*' facility Thereafter, *vide* Instruction No. 1/2018 dated 12.02.2018. Board has further widened scope of '*E-Proceeding*' for conduct of assessment proceedings.

4. In partial modification of Instruction No. 1/2018 dated 12.02.2018 and in accordance with provision of section 2(23C) of the Act, the Board hereby directs that in all cases (subject to exceptions in para below), where assessment is required to be framed under section 143(3) of the Act during the year 2018-19, assessment proceedings shall be conducted electronically through the '*E-Proceeding*' facility. Consequentially, assessee would now be required to produce/cause to produce their response/evidence to any notice/communication/show-cause issued by the Assessing Officer electronically (unless specified otherwise) through their 'E-filing' account on the 'E-filing' portal. For smooth conduct of assessment proceedings through '*E-Proceeding*', it is imperative that requisition of information. In cases under '*E-Proceeding*' should be concise and sought with due-diligence after a careful scrutiny of case records.

5. In following cases where assessment is required to be framed during the year 2018-19, '*E-Proceeding*' shall not be mandatory:

- i. where assessment is to be framed under section(s) 153A, 153C, 147 and 144 of the Act;
- ii. in set-aside assessments;
- iii. assessments being framed in non-PAN cases;
- iv. cases where income-tax return was filed in paper mode and the concerned assessee does not yet have an 'E-filing' account;
- v. in all cases at stations connected through the VSAT or with limited capacity of

- bandwidth (list of such stations shall be specified by the Pr. DGIT(System));
- vi. In cases under para 4 above, where substantial hearing had already taken place in the conventional mode prior to issue of instruction No. 1/2018 dated 12.02.2018. Assessing Officer may complete such cases with prior administrative approval of the concerned Pr. CIT/CIT,
 - vii. In cases covered under para 4 above where the Jurisdictional Pr. CIT/CIT, in exceptional Circumstances such as complexities of the case or administrative difficulties In conduct of assessment through '*E-Proceeding*', has permitted conduct of assessment proceedings through the conventional mode.

However, in these cases, as far as feasible. Assessing Officer should generate all departmental communications and notices through the ITBA. Further, in these cases, the earlier existing mode of service of notice should be utilized by the Assessing Officer only when it is not possible to serve the communication electronically in the 'E-filing' account of the concerned assessee.

6. In cases where assessment proceedings being carried out through the '*E-Proceeding*' as per para 4 above, personal hearing/attendance may take place in following situation(s):

- i. where books of account have to be examined;
- ii. where Assessing Officer Invokes provisions of section 131 of the Act;
- iii. where examination of witness is required to be made by the concerned assessee or the Department;
- iv. where show-cause notice contemplating any adverse view is issued by the Assessing Officer and assessee requests through their 'E-filing' account for personal hearing to explain the matter.

However, details have to be uploaded on ITBA subsequently.

7. This may be brought to the notice of all concerned for immediate compliance.