

Government eases process of e-filing returns using EVC

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In brief

Currently, taxpayers have been using digital signatures for paperless filing, or forwarding their ITR V with the Central Processing Centre (CPC) after e-filing their income-tax return (ITR). The Government has now announced an alternate way of paperless e-filing *via* Electronic Verification Code (EVC). The EVC process will benefit a major portion of the return-filing population.

In detail

The Central Board of Direct Taxes has recently issued detailed procedures¹, etc., in relation to EVCs. Now, not only the Aadhaar Card, but internet banking and ATM PINs can be used to generate EVC. Key highlights of EVC process are summarised below.

Who can use EVC

The EVC mechanism is meant to verify the identity of the person furnishing the return of income (called 'the verifier'). The verifier can be an individual who is seeking to verify his own return or that of a Hindu Undivided Family of which he is the *Karta* in the ITR form nos. ITR-1, ITR-2, ITR-2A, ITR-4 or ITR-4S; or any person² who is seeking to verify returns filed in form nos. ITR-5 or ITR-7.

¹ Notification No 2/2015 dated 13/07/2015

² ITR-5 or 7 are for use by the following entities: Partnership Firm, Association of Persons, Body of Individuals, Artificial Juridical Person, Co-operative Society or local authority, Trusts and Non-Profit Organizations, etc.

Features of EVC

- The EVC is a 10 digit alpha numeric code which is unique for each Permanent Account Number (PAN), and is generated for the purpose of electronic verification of the person in the e-filing website <https://incometaxindiaefiling.gov.in>.
- Each EVC can be used to validate only a single return of the taxpayer, irrespective of the year or return filing type, *viz.* original or revised.
- Generally, an EVC is valid for 72 hours.

Modes of Generation of EVC

The EVC generation process may vary, depending on the risk category of the taxpayer, method of accessing the e-filing website or interface with third party authenticating entity (like banking institutions).

The various methods to generate the EVC are detailed hereunder.

1. **Net Banking** – Several banks have registered with the income-tax department and provide direct access to the e-filing website to a verifier through their internet banking facility. Only those taxpayers would be able to use this facility whose bank accounts as primary account holders have a validated PAN (which is the tax registration number) provided as part of the Know Your Clients (KYC) norms of the banks. After logging into their online bank account, the account holder can choose to be redirected to the e-filing website, where an EVC can be generated. The EVC will be displayed on the screen and also sent to the mobile number registered with e-filing website, which can then be used to verify the return.

2. **Aadhaar number** – The Unique Identification Authority of India (UIDAI), upon application and after completion of verification processes, allots a 12 digit number, i.e. an Aadhaar number to all individual applicants. A verifier can use the Aadhaar number to get his identity verified. A taxpayer using this mode has to provide his/ her Aadhaar number for linking with his/ her PAN on the e-filing website. When this is done, the details such as name, date of birth, etc. as available in the PAN database are verified with details as available with the UIDAI. Upon successful verification, one time password (OTP) is generated and sent to the verifier's mobile number registered with the UIDAI, which can be then used to verify his/ her return. This OTP is valid for 10 minutes, or for as long as specified by the UIDAI.
3. **Automated Teller Machine (ATM)** – A verifier can generate an EVC through this mode if the verifier's bank is registered with the income-tax department. Either a Debit/ Credit card can be used for generation of EVC. This mode can be used only at ATMs of registered banks, where the option to generate an EVC will be made

available. Upon selecting this option on the ATM screen, the bank will communicate this request to the e-filing website, which will generate the EVC and send it to the taxpayer's mobile number registered with the e-filing website. This EVC can then be used to verify the return.

4. **Registered email and mobile number** – A verifier can use the e-filing website to generate an EVC, which will be sent to the registered email id and mobile number of the taxpayer as updated by the verifier on his on-line account on the e-filing website. This mode, however, is only available to those whose total income is INR 0.5 million or below and there is no refund claim. This option may further be restricted to taxpayers based on other risk criteria that may be determined from time to time

For more details, one can refer to the 'e-verification of Returns – User Manual' issued by the income-tax department which explains in detail the step-wise process to generate EVC by different modes.

The takeaways

The EVC mechanism is indeed a welcome step and would relieve taxpayers not using digital signatures from the hassles of

sending ITR V to the CPC, Bengaluru. The currently available options of validating tax return using digital signature or by sending the signed copy of ITR V to CPC within 120 days of uploading of the return continue to be available.

Those taxpayers who have already e-filed an income-tax return without invoking the EVC process can also use this option to e-verify the acknowledgement through the EVC process, and thus save themselves the effort of sending a signed hard-copy acknowledgement in ITR V to the CPC, Bengaluru.

Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

Tax & Regulatory Services – International Assignment Services

Gautam Mehra, *Mumbai*
+91-22 6689 1154
gautam.mehra@in.pwc.com

Kuldip Kumar, *Gurgaon*
+91-124 616 9609
kuldip.kumar@in.pwc.com

Shuddhasattwa Ghosh, *Bangalore*
+91-80 4079 6007
shuddhasattwa.ghosh@in.pwc.com

Sundeep Agarwal, *Mumbai*
+91-22 6689 1670
sundeep.agarwal@in.pwc.com

Our Offices

Ahmedabad

President Plaza
1st Floor Plot No 36
Opp Muktidham Derasar
Thaltej Cross Road, SG Highway
Ahmedabad, Gujarat 380054
+91-79 3091 7000

Bangalore

6th Floor
Millenia Tower 'D'
1 & 2, Murphy Road, Ulsoor,
Bangalore 560 008
Phone +91-80 4079 7000

Chennai

8th Floor
Prestige Palladium Bayan
129-140 Greams Road
Chennai 600 006
+91 44 4228 5000

Hyderabad

Plot no. 77/A, 8-2-624/A/1, 4th
Floor, Road No. 10, Banjara Hills,
Hyderabad – 500034,
Andhra Pradesh
Phone +91-40 44246000

Kolkata

56 & 57, Block DN.
Ground Floor, A- Wing
Sector - V, Salt Lake
Kolkata - 700 091, West Bengal
+91-033 2357 9101/
4400 1111

Mumbai

PwC House
Plot No. 18A,
Guru Nanak Road(Station Road),
Bandra (West), Mumbai - 400 050
+91-22 6689 1000

Gurgaon

Building No. 10, Tower - C
17th & 18th Floor,
DLF Cyber City, Gurgaon
Haryana -122002
+91-124 330 6000

Pune

7th Floor, Tower A - Wing 1,
Business Bay, Airport Road,
Yerwada, Pune – 411 006+91-20
4100 4444

For more information

Contact us at
pwctr.knowledgemanagement@in.pwc.com

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