

# ***CBDT mandates conduct of all assessments through e-proceeding facility, carves-out certain exceptions***

August 30, 2018

## ***In brief***

The Central Board of Direct Taxes (CBDT) partially modifying its earlier instruction<sup>1</sup>, has now issued an instruction<sup>2</sup> directing that all the assessments<sup>3</sup> required to be framed under section 143(3) of the Income-tax Act, 1961 (the Act) in financial year (FY) 2018-19 shall be conducted electronically through the e-proceeding facility<sup>4</sup>.

The instruction carves out seven exceptions where “e-proceeding” shall not be mandatory. Further, it lists four situations where personal hearing may take place, despite conducting assessment through e-proceeding facility.

## ***In detail***

- The government has made numerous efforts in the past to digitise the framework of assessment proceedings and various instructions/notifications have been issued to experiment the same.
- In line with this objective, recently, the CBDT, *vide* its instruction<sup>2</sup> has modified the earlier instruction<sup>1</sup> and mandated e-proceeding for all assessment proceedings to be framed under section 143(3) of the Act in FY 2018-19.
- Further, certain exceptions have been carved out through this instruction from mandatory e-proceeding facility which are listed below.

| S. No. | Particulars        | Exceptions carved-out as per the instruction <sup>2</sup>   |
|--------|--------------------|---|
| 1.     | Manual proceedings | Manual proceeding to be conducted in the following cases: <ul style="list-style-type: none"> <li>- Where assessment is to be framed under section(s) 153A, 153C, 147 and 144 of the Act;</li> <li>- Where assessments were set-aside;</li> <li>- For assessment of taxpayers who do not have PAN;</li> <li>- Cases in which the return of income was filed in paper mode and the taxpayer does not have an e-filing account;</li> </ul> |

<sup>1</sup> Instruction No. 1 of 2018 dated 12 February, 2018

<sup>2</sup> Instruction No. 03 of 2018 dated 20 August, 2018

<sup>3</sup> Tax audit carried out by the tax officer

<sup>4</sup> i.e., “E-filing” account of the taxpayer

| S. No. | Particulars                               | Exceptions carved-out as per the instruction <sup>2</sup>  |
|--------|---|--|
|        |   | <ul style="list-style-type: none"> <li>- In all cases at specified stations<sup>5</sup>;</li> <li>- In cases where prior to issuance of the earlier instruction<sup>1</sup>, substantial hearing has already taken place manually and the TO obtains necessary approval<sup>6</sup>; and</li> <li>- In exceptional cases, such as complex cases or due to administrative difficulties, after obtaining necessary approvals<sup>6</sup>.</li> </ul> <p><i>It has been also clarified that in the above cases to the extent feasible, all departmental communication/notices has to be sent to the taxpayer through the e-proceeding facility.</i></p> |
| 2.     | Personal hearing in case of e-proceedings | <p>Personal hearing may take place in the following circumstances during the course of e-proceeding where:</p> <ul style="list-style-type: none"> <li>- books of accounts need examination;</li> <li>- TO invokes the provisions of section 131;</li> <li>- examination of the witness is required;</li> <li>- show cause notice contemplating any adverse view is issued and the taxpayer requests a personal hearing through the e-filing account.</li> </ul>  |

### The takeaways

- CBDT's step to mandate e-proceedings is a welcome move. CBDT has expressed its view that manual proceedings should be conducted only in certain situations, while all other tax proceeding in connection with assessment under section 143(3) to be carried out electronically. In

some cases, an approval is to be obtained from higher officials for conducting the manual proceedings. This is a step to ensure that recourse to manual mode is taken only in genuine cases.

- A pragmatic approach has been followed to list out situations where a personal hearing is necessitated. One has to also take note that when

a show cause notice contemplating any adverse view is issued to the taxpayer, a request for personal hearing can be made through the e-filing account only.

### Let's talk

For a deeper discussion of how this issue might affect your business, please contact your local PwC advisor

<sup>5</sup> Stations connected through VSAT or with limited bandwidth, which are to be specified by Pr. DGIT (Systems)

<sup>6</sup> Approval of the Pr. CIT/ CIT

## Our Offices

### Ahmedabad

1701, 17th Floor, Shapath V,  
Opp. Karnavati Club,  
S G Highway,  
Ahmedabad – 380051  
Gujarat  
+91-79 3091 7000

### Hyderabad

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

### Gurgaon

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

### Bengaluru

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

### Kolkata

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

### Pune

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

### Chennai

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

### Mumbai

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

### For more information

Contact us at  
[pwctr.knowledgemanagement@in.pwc.com](mailto:pwctr.knowledgemanagement@in.pwc.com)

## About PwC

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 158 countries with more than 236,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at [www.pwc.com](http://www.pwc.com)

In India, PwC has offices in these cities: Ahmedabad, Bangalore, Chennai, Delhi NCR, Hyderabad, Jamshedpur, Kolkata, Mumbai and Pune. For more information about PwC India's service offerings, visit [www.pwc.com/in](http://www.pwc.com/in)

PwC refers to the PwC International network and/or one or more of its member firms, each of which is a separate, independent and distinct legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.

©2018 PwC. All rights reserved

## Follow us on:



For private circulation only

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PwCPL, its members, employees and agents accept no liability, and disclaim all responsibility, for the consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it. Without prior permission of PwCPL, this publication may not be quoted in whole or in part or otherwise referred to in any documents.

© 2018 PricewaterhouseCoopers Private Limited. All rights reserved. In this document, "PwC" refers to PricewaterhouseCoopers Private Limited (a limited liability company in India having Corporate Identity Number or CIN : U74140WB1983PTC036093), which is a member firm of PricewaterhouseCoopers International Limited (PwCIL), each member firm of which is a separate legal entity.