

LAW & POLICY UPDATE

TAXATION



PM Modi launches 'Transparent taxation – Honoring the honest'

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On August 13, 2020, PM Narendra Modi launched 'Transparent Taxation – Honoring the honest', a new platform to encourage sincere taxpayers. This platform recognizes the need of creating a modern taxation system and introduces major reforms like Faceless Assessment, Faceless Appeal and Taxpayers Charter.

It is pertinent to note that in 2019, Ministry of Finance (Department of Revenue) had issued Faceless Assessment Scheme (**Scheme**), in furtherance of which Revenue Department issued an Order under Section 119 of Income Tax Act, 1961, directing all Assessment Orders (**AO**) to be passed by National e-Assessment Centre. The exception to the above are AO's in cases assigned to Central Charges and International Tax Charges.

Features of Faceless Assessment and Appeal

- Selection of Assessment Officer will be through a system using data analytics and artificial intelligence
- Assignment of officers randomly through an automated system
- Abolition of territorial jurisdiction
- No physical interface – there is no need to visit income tax office/officer
- Team based assessment and review
- Draft AO in one city, review in another city and finalization in third city
- No intrusive survey actions by field officers – only investigation wing and TDS wing can do so after getting approval by an officer of level of Chief Commissioner or above

The Taxpayers Charter basically lays down Income Tax departments' commitment to provide a fair and just system, respect privacy of taxpayers, hold its authorities accountable, etc. This charter also sets out the expectation that the department has from taxpayers i.e. to be honest and compliant, pay and respond in time, etc.

Even though the Faceless Assessment and Taxpayers Charter come into force from August 13, 2020, the facility of Faceless Appeal will be available for citizens across the country only from September 25, 2020.

The platform is a part of Government's resolve to provide maximum governance with minimum government. PM also stated that complexity of earlier system made it difficult to conform and that simplified laws and procedures make it easy to comply. Transparent Taxation platform will hopefully yield expected results in terms of creating a seamless, painless, faceless taxation system resulting in increase in tax collection.

