



# TAX FLASH NEWS

## The CBDT prescribes rules with respect to the service of notice, summons, requisition, order and other communication

### Background

As per the Income-tax Act, 1961<sup>1</sup> (the Act), service of a notice, summons, requisition, order or any other communication may be made by delivering or transmitting a copy to the person in the prescribed manner.

In order to improve taxpayer services, enhance the efficiency and usher in a paperless environment for carrying out assessment proceedings, the Central Board of Direct Taxes (CBDT)<sup>2</sup> introduced the concept of using e-mail for corresponding with taxpayers and sending through emails the questionnaires, notice, etc. at the time of scrutiny proceedings and getting responses from them using the same medium on a pilot basis. CBDT has taken steps for setting up a standardised platform for making such e-mail based communications between the taxpayer and the income tax department seamless and user friendly. It has been decided to launch a pilot project in this regard in five non-corporate charges at Delhi, Mumbai, Bengaluru, Ahmedabad and Chennai. Initially, 100 cases for e-hearing could be identified in each of these charges and a major part of the assessment processing should be conducted in an electronic mode. Also, the cases covered under the aforesaid pilot project should be those which have been selected for scrutiny on the basis of Annual Information Report (AIR)/Central Information Branch (CIB) information or non-matching with 26AS-data. Consent from the taxpayers should also be obtained in the beginning and cases of only willing taxpayers can be considered under the pilot project. The officers of the tax department, through their official e-mail IDs, can reach out to the taxpayers at their e-mail IDs as mentioned in the respective returns of income.

Recently, the CBDT issued a notification<sup>3</sup> wherein it prescribes rules with respect to service of notices, summons, requisition, order and other communication.

### CBDT notification

CBDT notified the following rules<sup>4</sup>:

- Where communication is delivered or transmitted by post, courier or for the purpose of service of summons, the communication address shall be –
  - As per the Permanent Account Number (PAN) database of the taxpayer; or
  - As per the income tax return furnished by the taxpayer; or
  - The address provided in the last income tax return furnished by the taxpayer; or
  - In the case of a company, its registered office address available on the website of the Ministry of Corporate Affairs (MCA).

The communication shall not be delivered or transmitted as mentioned above, where the taxpayer furnishes any other address in writing to the income tax authority or any person authorised by such an authority issuing communication.

- Where communication is delivered or transmitted electronically, the e-mail address shall be –
  - As per the income tax return furnished by the taxpayer to which the communication relates; or

<sup>1</sup> Under Section 282 of the Act

<sup>2</sup> CBDT Order No. 225/267/2015-ITA-II, dated 19 October 2015

<sup>3</sup> CBDT Notification No. 89/2015, passed in the Official Gazette of India on 2 December 2015

<sup>4</sup> Rule 27 of the Income-tax Rules, 1962

- The e-mail address available in the last income tax return furnished by the taxpayer; or
  - In the case of a company, its registered office address available on the website of the MCA.
  - Any other e-mail address provided by the taxpayer to the income tax authority or any person authorised by such income-tax authority.
- The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) shall specify the procedure, formats and standards for secure transmission of electronic communication and shall also be responsible for formulating and implementing appropriate security, archival and retrieval policies in relation to such communication.

## Our comments

The government plans to use technology with an objective to move towards paperless environment for assessment. This would eliminate the necessity of visiting the income tax offices, involving limited issues and where the taxpayer is able to provide the necessary details required by the Assessing Officer (AO) without necessitating his physical presence.

It shall be easier for the taxpayer to maintain an electronic record of the written submissions made to the tax authorities. Moreover, a paperless assessment proceeding is an encouraging and progressive step to resolve tax disputes as e-mail correspondence would help to generate an audit trail and facilitate an impersonal interface for handling assessments in a professional manner. This move will bring transparency and bridge the gap between the taxpayers and the tax authorities.



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