



The CBDT notifies the procedure for e-communication between a taxpayer and the Income-tax department

On 19 October 2015, the Central Board of Direct Taxes (the CBDT)¹ issued an order to initiate, on a pilot basis the concept of using email for correspondence with taxpayers, sending the questionnaires, notice, etc. at the time of scrutiny proceedings and getting responses from them using the same medium. It has been decided to initially launch a pilot project in five cities². This is to improve the taxpayer services, enhance efficiency and to usher in a paperless environment for carrying out the assessment proceedings. The cases covered under the aforesaid pilot project would be those which have been selected for scrutiny on the basis of information from Annual Information Reporting/Central Information Branch or non-matching with 26AS-data. Consent of taxpayers should also be obtained in the beginning and cases of only willing taxpayers need to be considered under the pilot project.

Recently, the CBDT issued a Notification³ on the procedure, formats and standards for ensuring secured transmission of the electronic communication. The procedure applies to the assessment proceedings in respect of select non-corporate taxpayers as a part of the pilot project on paperless assessment proceedings. This can be extended to other taxpayers or other proceedings as may be notified by the CBDT.

¹ CBDT Order F. No. 225/267/2015-ITA-II, dated 19 October 2015

² Delhi, Mumbai, Bengaluru, Ahmedabad and Chennai

³ CBDT Notification No. 2/2016, dated 3 February 2016

Key features of the procedure, formats and standards are as follows:

- As per Rule 127(3) of the Income-tax Rules, 1962 (the Rules), the Principal Director General of Income-tax (Systems), specifies the procedure, formats and standards for ensuring secured transmission of the electronic communication.
- The email address of the taxpayer to be used for the purpose of electronic communication shall be as specified in Rule 127 of the Rules.
- The taxpayer may furnish a letter to the Assessing Officer (AO) providing any other email address. The email address so provided shall be the primary email address for issuing an electronic communication under this notification once such letter is received by the AO. Otherwise, the existing email as per Rule 127 of the Rules would be the primary email.
- The email address to be used by the AO for the purpose of electronic communication under this notification shall be his/her official designation based email address under the domain@incometax.gov.in (designation email).
- The AO shall issue all statutory notices/questionnaires including the notice under Section 143(2) and the notice under Section 142(1) of the Income-tax Act, 1961 (the Act) from his/her designation email address to the taxpayer's email address.

- For the purpose of electronic communication, the AO shall attach the scanned copy of the notice under Section 143(2) or 142(1) bearing his/her signature in a Portable Document Format (PDF) to the email being sent to the taxpayer.
- In response to the notice, the taxpayer shall, using his primary email address, submit the details called for, to the designation email address of the AO.
 - All supporting documents shall be submitted as an attachment in PDF.
 - In case the total size of the attachments exceeds 10 MB then the taxpayer shall split the attachment and send in as many emails as may be required to adhere to the limit of the attachment size of 10 MB per email. However, in each such attachment, the taxpayer shall specifically clarify the corresponding notice number and the date in the footer to which the attachment relates, and number the pages in continuation for all attachments to ensure proper linkage.
- Any email, in response to the notice issued by the AO, received from the primary email address of the taxpayer shall be considered as a valid response to the notice.
- For keeping an audit trail of the notices/questionnaire issued by the AO to the taxpayer, and the taxpayer's response with the supporting documents as attachments, a copy of the email shall be marked to e-assessment@incometax.gov.in with the subject line as under:
 - The subject in the email from the AO to the taxpayer should be in the format: 'PAN (e.g. – XXXXX1234X) – AY (eg-AY2013-14) - Notice u/s -⁴'.
 - The subject in an email from the taxpayer to the AO should be in the format: 'PAN (e.g. - XXXXX1234X) - AY (e.g. - AY2013-14)-Reply-N⁵'.
- In the case of non-delivery of email to the primary email address, the notices shall be sent to other email addresses of the taxpayer available with the department as mentioned in Rule 127(2) of the Rules.
- In the case, where a notice is not sent by email due to any reason including technical reasons such as email failure, mailbox full, etc., but sent by another valid mode of service as prescribed in the Act, the same shall constitute as a valid service. The AO shall record the reasons in writing for not serving the notice by email.
- In a case where a reply by the taxpayer is not sent by email due to technical reasons such as email failure, mailbox full, etc., but sent or delivered physically to the AO, the same shall be treated as adequate compliance.
- All emails sent or received as per this procedure shall be stored in the ITD database, and the communication status shall be displayed on the assessee's 'my account' on the e-filing portal - <https://incometaxindiaefiling.gov.in> which can be accessed by the taxpayer after login (if the taxpayer has registered with the e-filing website)
- For the purpose of this notification, the time and the place of dispatch and receipt of the electronic record or electronic communication shall have the same meaning as provided in Section 13 of the Information Technology Act, 2000 (IT Act).
- The AO shall pass the order and attach the scanned copy of the order under Section 143(3) bearing his/her signature in PDF format to the email sent to the taxpayer and/or cause the order under Section 143(3) to be served as specified in Section 282 of the Act.
- The AO shall place a hard copy of all emails and supporting documents on the relevant assessment file for record purposes.
- For the purposes of this notification, the expression:
 - 'Electronic communication' means electronic mail or electronic mail message or the display of an electronic record on the website of the Income-tax Department as may be specified.

⁴ N is the serial number of the notice of e.g. Notice under Section -----1, Notice under Section ----- 2, etc.

⁵ N is the serial number of the notice e.g., Reply-1, Reply-2, etc.

- 'Electronic mail' and 'electronic mail message' shall have the meanings as assigned to them in Explanation to Section 66A of the IT Act.
- 'Electronic record' means data, record or data generated, image or sound stored, received or sent in an electronic form or micro film or computer generated microfiche as defined in Section 2 of IT Act.
- All other expressions shall have the meaning as defined in the Act.

Our comments

The CBDT Notification is a significant step towards the use of electronic communication for paperless assessment proceedings. This may eliminate the necessity of visiting the income-tax offices by the taxpayers, particularly in smaller cases, involving limited issues and where the taxpayer is able to provide details required by the AO without necessitating his/her physical presence.

The procedure provided in the Notification applies to the assessment proceedings with reference to select non-corporate taxpayers as a part of the pilot project on paperless assessment proceedings. This can be extended to other taxpayers or other proceedings as may be notified by the CBDT.



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