

Faceless Income-tax Appellate Tribunal (ITAT)

March 9, 2021

In News: The Finance Bill, 2021, proposes to make the Income Tax Appellate Tribunal (ITAT) faceless.

Faceless Dispute Resolution

- For reducing litigation and to give an impetus to the dispute resolution for small taxpayers, a Dispute Resolution Committee is proposed to be constituted. The procedure of the Committee will be conducted in a faceless manner.
- In order to provide a transparent tax appellate mechanism, it is proposed to make the Income Tax Appellate Tribunal faceless and jurisdiction-less.
- A National Faceless Income Tax Appellate Tribunal Centre shall be established, wherein all communication between Tribunal and appellant shall be made electronically.
- The faceless assessment system was launched to remove the need of the physical presence of the taxpayers in front of the tax officials.
- Since the launch of faceless random assessment, over 50,000 disputes have been settled.
- Income Tax appeals will be finalised in a faceless manner with the exception of appeals related to serious fraud, major tax evasion, search matters, international tax issues and matters pertaining to black money.
- The effort is on to establish a National Faceless Income Tax Appellate Tribunal Centre that will offer personal hearings through video-conferencing.

Faceless tax scheme

In the Union Budget 2019, the Finance Minister proposed the introduction of a scheme of faceless e-assessment.

- It is an attempt to remove individual tax officials' discretion and potential harassment for income tax payers.
- The scheme allows for appropriate cases where a certain hearing is necessary, so then after following protocols, a hearing is given.
- The main objective is to remove physical interaction as much as possible.
- The Central Government introduced the Faceless Assessment Scheme to provide greater transparency, efficiency and accountability in Income Tax assessments.
- It is an attempt to remove individual tax officials' discretion and potential harassment for income taxpayers.
- All provisions introduced under Faceless Assessment, under the Income Tax Act, 1961, are introduced to-
- Eliminate the interface between the Assessing Officer and the assessee during the course of proceedings, to the extent that is technologically feasible
- Optimize the utilization of resources through the economies of scale and functional specialization and
- Introduce a team-based determination of arm's length price with dynamic jurisdiction.