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## Faceless Scheme

The Central Government has undertaken a number of measures to make the processes under the Income Tax Act, electronic, by eliminating the person-to-person interface between the taxpayer and the Department to the extent technologically feasible, and provide for optimal utilisation of resources and a team-based assessment with dynamic jurisdiction. A series of futuristic reforms have been introduced in the domain of Direct Tax administration for the benefit of taxpayers and the economy. This started with faceless assessment in electronic mode involving no human interface between taxpayers and tax officials. The faceless procedures are being introduced in a phased manner in the Income Tax Act, 1961.

### Faceless Assessments

The assessments under Section 144B of the Income-tax Act, 1961 are more popularly referred to as the '*Faceless Assessments*' or the '*Jurisdiction-less Assessments*'. Let us understand why these assessments are being referred so.

- (a) Faceless assessments: These assessments are being referred to as '**Faceless**' simply because the assessee will not get to see the face of his/her assessing officer. In other words, the assessee will not be able to know who will conduct his/her assessments. The faceless assessments completely eliminate the physical interface between the assessee and the assessing authority and instead involves the electronic interface right from the selection of the cases for the scrutiny purpose with the help of an '**automated allocation system**' involving an algorithm for randomised allocation of cases, by using suitable technological tools, including artificial intelligence and machine learning, with a view to optimising the use of resources, and the conduct of assessments exclusively in electronic mode via the '**e-Proceedings**' utility of the e-Filing portal of Income-tax department's website, and finally the review and examination of the assessment orders using '**automated examination tool**' involving therein an algorithm for standardised examination of draft assessment orders, by using suitable technological tools, including artificial intelligence and machine learning, with a view to reducing the scope of discretion.
- (b) Jurisdiction-less assessments: These assessments are referred to as '**Jurisdiction-less**' because these are conducted by a Team/Group of Expert Income Tax Officers at multiple-level units, viz. National Faceless Assessment Centre (NaFAC), Assessment Unit, Verification Unit, Technical Unit, and Review Unit, and are not conducted by an individual jurisdictional assessing officer. The cases shall be assigned by NaFAC to an assessment unit based on an 'automated allocation system' involving an algorithm for the randomised allocation of cases, by using suitable technological tools, including artificial intelligence and machine learning.

### Step-by-step guide to 'Faceless Assessment Proceedings' under Section 144B

#### Step 1: Visit the 'e-filing portal':

The assessee is required to visit the 'e-filing portal' from the link:  
<https://www.incometax.gov.in/iec/foportal>

### Step 2: Log in to the account

Click on the 'login' button located on the top right side of the screen. On the next screen, fill in the 'user id', which is the 'PAN', and click 'Continue'. Then enter the 'password' and click 'continue' to complete the login.

### Step 3: Go to the 'e-Proceedings' tab:

After login, go to 'Pending Actions > e-Proceedings'. The assessee is redirected to a new page of 'View e-Proceedings related to', which displays all the 'assessment notices' under Section 143(1)(a)/143(2)/147/139(9)/270A, for different assessment years, which the assessee might have received.

### Step 4: View the Assessment/Re-assessment Notices

To view the regular assessment proceeding details under Section 143(3), click 'Assessment Proceedings under Section 143(3)/147 > View Notices'.

### Step 5: Select the Notice to Respond

In the sub-window of 'Assessment Proceedings u/s 143(3)/147', the assessee can see all the notices, say under Section 143(2) or 142(1), issued for that particular assessment year.

This sub-window provides three tabs (i) View Response; (ii) Notice/Letter Pdf, and (iii) Seek/View Adjudgment.

In order to access the relevant notice, click the 'Notice/Letter Pdf' tab. The assessee can seek adjudgment by clicking "Seek Adjudgment", after providing the reason for seeking an adjudgment.

### Step 6: Download the Assessment Notice

To download the notice, go to 'Pending Actions > e-Proceedings > View Notices > Detailed Notices'. Click on the 'Download' tab at the bottom of the page to download the assessment notice.

After downloading the assessment notice, the assessee can view the scrutiny notice sent by the AO containing the following details:

- PAN of the Assessee
- Address of the Assessee
- Section under which Notice has been issued
- Assessment Year
- Notice No.
- Date of issuing Notice
- Purpose for sending the Notice
- Questionnaire, if the notice is issued under section 142(1).

Under the faceless regime under Section 144B, the notices under Section 143(2) of the Act are not issued by the jurisdictional Assessing Officer but by the National Faceless Assessment Centre (NaFAC).

### Step 7: File 'e-Response' to Notice under Section 143(2)

For the purpose of filing/furnishing a 'reply' in response to a notice under section 143(2), click on the tab 'Submit Response' tab,

### Step 8: Tips for filing responses

- (a) **Partial responses:** If the assessee is submitting a response on a piecemeal basis, he needs to choose '*response type*' as '*partial*'.
- (b) **Full response:** If the submissions have been made on a piecemeal basis, then there would be multiple '*partial responses*'. After submitting the '*last partial response*', update the '*Response type*' to '*Full Response*'. If the assessee wants to file just one response to the scrutiny notice, then opt for '*Full Response*' in '*response type*'.
- (c) **Multiple Responses:** The assessee can submit '*multiple responses*' to any single scrutiny notice.
- (d) **Brief remark to response:** The assessee may also furnish a brief '*remark*' to its response under the tab '*Add Written Response/Remarks*'. The remark cannot exceed 4,000 characters.
- (e) **Uploading of supporting documents:** The assessee may attach the supporting documents as '*attachments*' to substantiate his response/submission by choosing different specified categories of attachments mentioned in the dropdown list. The assessee can attach scanned documents in .pdf, .xls, .xlsx, and .csv format. If the supporting document is not in the specified format, choose '*Others*' from the dropdown list for attaching such documents. A maximum of 10 attachments/files can be uploaded, with each attachment not exceeding 5 MB. If the limit is exhausted, the assessee can opt for a '*partial response*' to upload the remaining attachments.
- (f) **Name of attachments:** Ensure that the names of the two attachments are not the same and should not exceed 100 characters. Only two special characters, hyphen '-' and underscore '\_', are permitted in the attachments' name. If the name of the attachment is not as per the guidelines, it will result in an error in uploading the entire submission.
- (g) **Window closure:** The facility to submit a response gets auto-closed seven days before the time-barring date of the regular assessment. If there is no time barring date, the AO can close the e-submission if the final order or decision is being prepared. Once the assessment proceeding is closed or completed in ITBA, there will be no e-submission allowed from the assessee.

### Step 9: Calling of further information, documents, or evidence from the assessee by way of issue of notice under Section 142(1) by the Assessment Unit through NaFAC

The Assessment Unit to which the case has been assigned by the NaFAC may make a request to the NaFAC to obtain such further information, documents, or evidence from the assessee or any other person, as it may specify.

Where a request for obtaining further information, documents, or evidence from the assessee or any other person has been made by the Assessment Unit, the NaFAC issues appropriate notice or requisition under Section 142(1) to the assessee or any other person for obtaining the information, documents or evidence requisitioned by the Assessment Unit.

### Step 10: View and retrieve the scrutiny questionnaire under Section 142(1) and file 'e-Response'

The initiation of the assessment proceedings by the issue of scrutiny notice under Section 143(2) is proceeded further by issuing a scrutiny questionnaire under Section 142(1) of the Act.

The assessee can access the notice under Section 142(1) by clicking the '*Notice/Letter Pdf*' tab. The assessee can download the pdf file of such notice by clicking the '*Download*' tab.

The assessee is required to file his 'e-responses' and attach the supporting records and documents in the same manner as in filing of his 'e-response' to notice under Section 143(2) as discussed above.

#### **Step 11: View 'e-Responses'**

After submitting the 'e-responses', if the assessee wishes to view the responses filed, he can view them by clicking the link of 'View Response'.

#### **Step 12: Download 'e-Responses/Submissions' along with supporting attachments**

The assessee may download all the filed submissions along with the corresponding attachments by clicking the links under the tab 'Attachment'.

#### **Step 13: Preparation of Income or Loss Determination Proposal by Assessment Unit**

The assessment unit, after taking into account all the relevant material available on the record, and the replies furnished electronically by the assessee, prepare in writing an Income or Loss Determination Proposal, either accepting the returned income of the assessee or modifying the returned income of the assessee, as the case may be, and send a copy of such proposal to the NaFAC.

#### **Step 14: Examination of the Income or Loss Determination Proposal by NaFAC & Issue of a Show Cause Notice to the Assessee**

The NaFAC examines the Income or Loss Determination Proposal in accordance with the risk management strategy specified by the Board, including by way of an automated examination tool, whereupon it may decide to:

- (a) finalise the assessment as per the draft order prepared on the basis of such Income or Loss Determination Proposal and serve a copy of such order and notice for initiating penalty proceedings, if any, to the assessee, along with the demand notice, specifying the sum payable by, or refund of any amount due to, the assessee on the basis of such assessment; or
- (b) The NaFAC shall provide an opportunity to the assessee, in case a modification is proposed, by serving a notice calling upon him to show cause as to why the assessment should not be completed as per the Income or Loss Determination Proposal /draft order; or
- (c) Assign the Income or Loss Determination Proposal to a Review Unit, through an automated allocation system, for conducting a review of such proposal.

#### **Step 15: Filing of 'e-Response' by the assessee to the show-cause notice**

The assessee is required to file his 'e-response' to such show-cause notice and upload the relevant supporting records and documents as attachments in the same manner as discussed above.

#### **Step 16: Passing of the final assessment order by NaFAC**

The NaFAC forwards the 'e-Responses' of the assessee to the show cause notice to the Assessment Unit, which in turn, after taking due cognisance of all the e-responses of the assessee, passes the revised draft assessment order. If the assessee so requires, the NaFAC shall provide the assessee with the opportunity of personal hearing *via* video telephony.

The assessment unit, after taking cognisance of the inputs from such personal hearing as provided to it by NaFAC, again passes the final assessment order, which is uploaded by NaFAC in the registered 'e-Filing' account of the assessee within the time barring limitation period of completion of assessments under Section 143(3) of the Act. The assessment order

can be seen and downloaded by clicking the “*Download Closure Order*” button in the main window by clicking on the icon “*For Your Information*”, under the ‘*e-proceedings*’ tab.

### Step 17: Transferring all assessment records to Jurisdictional AO

The NaFAC transfers the final assessment order, and all the assessment records to the file of jurisdictional AO for imposing the penalty, and recovery of outstanding income tax demand, if any.

### Faceless Appeals

An appellant can file his/her appeal before Commissioner (Appeals) through his/her registered e-filing account, on the e-filing portal of the Income-tax Department. However, the appellate proceeding that followed after the filing of the appeal electronically in Form 35, was neither electronic nor faceless.

In order to ensure that the reforms initiated by the Central Government to eliminate human interface in the assessment proceedings reach the next level of appellate proceedings, the Finance Act, 2020 has inserted new sub-sections (6A), (6B), and (6C) in Section 250 of the Income Tax Act, to provide for the following:

- Empowering the Central Government to notify an e-appeal scheme for the disposal of appeals so as to impart greater efficiency, transparency, and accountability.
- Eliminating the interface between the Commissioner (Appeals) and the appellant in the course of appellate proceedings to the extent technologically feasible.
- Optimising utilisation of the resources through economies of scale and functional specialisation.
- Introducing an appellate system with dynamic jurisdiction in which appeals shall be disposed of by one or more Commissioner (Appeals).

The CBDT, in exercise of the powers conferred by sub-section (6B) of Section 250 of the Income Tax Act, has notified the ‘**Faceless Appeal Scheme, 2020**’, vide Gazetted Notification F.No. S.O. 3296 (E), dated 25-9-2020.

Under this Faceless Appeals Scheme, 2020, all Income Tax appeals before the first appellate authority i.e., the CIT (Appeals), shall be finalised in a faceless manner under the faceless ecosystem with the exception of appeals relating to serious frauds, major tax evasion, sensitive and search matters, international taxation and black money. All the pending and new appeals of the taxpayers before the CIT(Appeals) w.e.f. 25-9-2020 shall be adjudicated and disposed of by the dynamic jurisdiction and not by the jurisdictional CIT(Appeals).

Subsequently, the Faceless Appeal Scheme, 2020, was re-nomenclature as the Faceless Appeal (Amendment) Scheme, 2021 vide Notification No. S.O. 1438(E.) dated 31-3-2021 and the reference to the National e-Assessment Centre in the faceless appeal scheme was substituted by “the National Faceless Assessment Centre.”

In this first version of the faceless appeal scheme, the appellant was not having any by-default right of personal hearing through video conferencing and this right was subject to the discretion of the Chief Commissioner or the Director General, in charge of the Regional Faceless Appeal Centre, who may approve such request of the appellant for personal hearing through video conferencing, if the case falls within the ambit of notified circumstances.



Under the amended Faceless Appeal Scheme, 2021, a by-default right of personal hearing through video conferencing has been vested in the appellant. It has been mandated that the appellant may request for a personal hearing through video conferencing, and on receipt of such a request of the appellant, the respective Commissioner (Appeals), in the Appeal Unit shall grant such personal hearing to the appellant through video conferencing.

Further, the role of the Regional Faceless Appeal Centre, as provided in the earlier Faceless Appeal Scheme, 2020, has been done away with, and the National Faceless Appeal Centre shall assign the appeal, for disposal, directly, to a Commissioner (Appeals) of a specific appeal unit, through an automated allocation system.

Under the faceless appeals, everything from e-allocation of appeal, e-communication of notice/questionnaire, e-verification/e-enquiry, e-hearing, and e-communication of the appellate order shall be online, dispensing with the need for any physical interface between the appellant and the CIT (Appeal). There shall be no physical interface between the taxpayers or their counsels and the CIT (Appeal).

### **Step-by-Step guide to file e-Appeal in online Form 35**

#### **Step 1: Visit the 'e-filing portal':**

The assessee is required to visit the 'e-filing portal' from the link:  
<https://www.incometax.gov.in/iec/foportal>

#### **Step 2: Log in to the account**

Click on the 'login' button located on the top right side of the screen. On the next screen, fill in the 'user id', which is the 'PAN', and click 'Continue'. Then enter the 'password' and click 'continue' to complete the login.

#### **Step 3: Accessing electronic Appeal Form 35:**

After login, go to 'e-File > Income Tax Forms'. The appellant is directed to a new window consisting of various Forms. The appellant needs to select Appeals (Form 35) to proceed further.

#### **Step 4: Electronic Filing of Appeal Form 35**

Click the link of 'File Now'. The appellant is directed to a new window containing details like PAN No., Submission Mode as Online, Filing Type, and Assessment Year. The appellant needs to select the applicable assessment year, for which the electronic appeal Form 35 needs to be filed, from the dropdown list

After selecting the relevant assessment year, the appellant is directed to a new window containing a reference to the list of documents required for the e-filing of appeal and the instructions for facilitating faster and smoother e-filing of appeal. In order to proceed further, the appellant needs to click "Let's Get Started".

#### **Step 5: Select whether the appeal is to be filed for an order with DIN or for an order without DIN**

After clicking the 'Let's Get Started', the appellant is directed to the next screen, which contains the following two options:

- (a) File an Appeal for an order without DIN
- (b) File an Appeal for an order with DIN (order issued after 1<sup>st</sup> October 2019)

The appellant needs to fill the '*Document Identification Number (DIN No.)*', of the Assessment /Re-assessment/Intimation Order for which the appeal is to be filed. Usually, the DIN No. comes automatically in the drop-down list for orders passed on or after 01-10-2019. In case the respective DIN No. is not available in the drop-down, the appellant needs to choose Option 1 of 'Filing Appeal Without DIN', and enter the DIN manually under the field 'Order Number/DIN'.

After filling the DIN No., the appellant is required to select the relevant '*Section and Sub-section*' of the Income Tax Act, under which the appealable order has been passed, from the drop-down.

After filling in the relevant section and sub-section, the appellant needs to fill in the '*Date of Order*' and '*Date of Service of Order*'.

Currently, all orders are electronically uploaded to the registered e-filing account of the assessee, so the date of order and the date of service of the order are the same.

After filling all these details, click on the "*Continue*" tab to proceed further.

#### **Step 6: Provide details in Seven Specified Columns**

After clicking the 'Continue' tab, the appellant is directed to a new window containing seven columns as under:

- (a) Basic Information;
- (b) Order against which appeal is filed;
- (c) Pending Appeal;
- (d) Appeal Details;
- (e) Details of Taxes paid;
- (f) Statement of Facts, Grounds of Appeal, and additional evidence; and
- (g) Appeal filing details.

The appellant needs to provide the relevant details in each one of these seven columns by clicking on the link '*Provide details*'.

- (1) **Basic Details:** The appellant needs to fill the basic information like name, address, mobile number, email address, and TAN (if available). The appellant also has to decide whether notices/communication may be sent on email or not. The appellant needs to click the 'save' tab to proceed.
- (2) **Order against which appeal is filed:** The appellant needs to fill the details of the assessment/re-assessment or the intimation order against which the appeal is to be filed like year type/block period. Details of Assessment Year, DIN No., Section and Sub-section No., Order No., Date of Order, and Date of Service of Order get auto-populated. The appellant needs to fill the designation of the Income-tax Authority, passing the order appealed against. Click the 'Save' tab to proceed further.
- (3) **Pending Appeal:** The appellant needs to fill in whether other appeal is pending in relation to any other assessment year with any Commissioner (Appeals). If yes, the appellant needs to fill the details of such appeal.
- (4) **Appeal Details:** The appellant needs to fill the appeal details like section and sub-section, under which appeal is preferred, and if the appeal relates to any assessment or penalty.
- (5) **Details of Taxes Paid:** The appellant needs to fill in the details of taxes paid.
- (6) **Statement of Facts, Grounds of Appeal, and Additional Evidence:** This is the most important section of the electronic filing of Form 35 with the Commissioner (Appeals).

In this section, the appellant is required to submit a statement of facts not exceeding 10,000 characters, and a list of documentary evidence relied upon. The appellant may also furnish additional evidence as per Rule 46A of the Income Tax Rules by enclosing them as attachments in the 'Add Details' tab. The appellant also needs to fill in the grounds of appeal, by clicking the 'Add Details' tab under the 'Grounds of Appeal' field. After filing the 'Grounds of Appeal' field, the appellant is directed to a new window, requiring him to fill in the requisite details in three sub-columns:

- (a) Relevant Section of Income Tax Act, under which the addition/disallowance has been made;
- (b) Describing the 'Issue', in 2,000 characters; and
- (c) 'Ground of Appeal' in 4,000 characters.

The appellant can add as many grounds of appeal as he requires, and he needs to fill in the above details for each such ground of appeal.

- (7) **Appeal Filing Details:** The appellant is required to fill in details like whether there is any delay in appeal filing. Section 249(2) mandates the filing of an appeal before the Commissioner (Appeals) within 30 days after receiving the assessment/re-assessment/penalty/intimation order against which the appeal is to be filed.

If there is a delay in filing an appeal beyond the stipulated period of thirty days, then the assessee needs to fill in the condonation request and the reason for such delay. Sub-section (3) of Section 249 of the Income-tax Act provides that the Commissioner (Appeals) may condone the delay in filing of appeal by the appellant if such cause is a genuine and reasonable/sufficient one.

The appellant further needs to fill in the details like Challan Serial No., BSR No., Date of Payment, etc., of the Appeal Fee.

### Step 7: Upload supporting records & documents as attachments

After filling in the required details, the assessee is directed to a new window of 'Attachments', wherein the assessee is required to attach the undermentioned documents, along with the Appeal Form 35:

- (a) Copy of Order/Intimation Appealed against (compulsory enclosure);
- (b) Copy of Notice of Demand (compulsory enclosure);
- (c) Documentary evidence in support of Appeal Submission;
- (d) Documentary evidence as additional evidence, if the assessee, so opts.

**Important Points:** i) Size of each attachment should not exceed 5MB; (ii) All attachments together cannot exceed 50MB; and (iii) All attachments should be in PDF or ZIP (containing PDF only) formats only.

### Step 8: Fill the verification form

After uploading all required attachments, the appellant is directed to a new window, 'Form of Verification'. The appellant needs to fill in this brief form and click on the 'Save' button, to proceed further.

### Step 9: Preview the Online Appeal

The appellant can 'Preview' the filled Electronic Appeal Form 35, in order to rectify any mistakes, if any.



## Step 10: e-Verification & Uploading of Online Appeal

On the Preview page, the appellant needs to verify the details and click '*Proceed to e-Verify*'.

### Faceless Penalty Scheme, 2021

With the advent of the Faceless Assessment Scheme, 2019 and to ensure that the reforms initiated by the department to eliminate human interface, it was imperative to launch a Faceless Penalty Scheme along the lines of the Faceless Assessment Scheme, 2019.

Therefore, the Finance Act 2020 has inserted an enabling provision in the form of a new sub-section (2A) in Section 274 of the Act so as to provide that the Central Government may notify an e-scheme for the purposes of imposing penalty so as to impart greater efficiency, transparency, and accountability by:

- (a) eliminating the interface between the Assessing Officer and the appellant in the course of proceedings to the extent technologically feasible;
- (b) optimising utilisation of the resources through economies of scale and functional specialisation;
- (c) introducing a mechanism for imposing of the penalty with dynamic jurisdiction in which the penalty shall be imposed by one or more income-tax authorities.

### Launch of Faceless Penalty Scheme, 2021

In exercise of the powers conferred by sub-section (2A) of Section 274 of the Income-tax Act, 1961, the Central Government has notified the Faceless Penalty Scheme 2021, vide Notification No. S.O. 117 (E), dated 12-01-2021, and for the purposes of giving effect to the Faceless Penalty Scheme, 2021, the Central Government *vide* Notification No. S.O. 118 (E), dated 12-01-2021, has issued Directions for implementing the Faceless Penalty Scheme, 2021.

### Scope of faceless penalty scheme

This scheme provides that the penalty shall be imposed in respect of specified territorial areas or persons or class of persons or income or class of income or cases or class of cases or penalties or class of penalties. In this respect, vide Order F. NO. 187/4/2021-ITA-I, dated 20-1-2021, Order F. NO. 187/4/2021-ITA-1, dated 26-2-2021, and Order F. NO. 187/4/2021-ITA-1, dated 10-3-2022, the CBDT has notified the following, which shall be outside the purview of this scheme:

- (a) Penalty proceedings in cases assigned to Central Charges;
- (b) Penalty proceedings in cases assigned to International Tax Charges;
- (c) Penalty proceedings arising in TDS charges;
- (d) Penalty proceedings arising/pending in the Investigation Wing, the Directorate of I&CI, erstwhile DG (Risk-Assessment), or by any prescribed authority for the purpose of specified penalties;
- (e) Penalty proceedings arising out of any statute other than the Income-tax Act;
- (f) All the penalties imposable by the officers of the level of Commissioner/Director/Commissioner (Appeals/Appeal Unit) and above. It shall be disposed of by the respective officer; and
- (g) Penalty proceedings in cases where pendency could not be created on ITBA because of technical reasons or cases not having a PAN, as the case may be.

Further, the CBDT has clarified that all the penalties imposable under the Income-tax Act (other than the exclusion provided above) by the officers of the rank of Additional CIT/JCIT and below shall remain with the National Faceless Assessment Centre.

### **e-Rectification of Mistakes under Section 154**

#### **Step-by-Step Guide for e-Filing of Rectification Request**

Currently, the assessee can electronically file his rectification request only in respect of Intimation Orders passed by CPC under Section 143(1) or 154, and the online facility for filing of rectification requests under Section 154, in respect of orders passed by AO under Section 143(3)/147/144, is not available. In such cases, the assessee is required to submit his rectification request manually before the jurisdiction AO.

#### **Step 1: Visit the 'e-filing portal':**

The assessee is required to visit the 'e-filing portal' from the link: <https://www.incometax.gov.in/iec/foportal>

#### **Step 2: Log in to the account**

Click on the 'login' button located on the top right side of the screen. On the next screen, fill in the 'user id', which is the 'PAN', and click 'Continue'. Then enter the 'password' and click 'continue' to complete the login.

#### **Step 3: Select 'Rectification' type**

Click on the icon, 'Services > Rectification'.

#### **Step 4: Raise a request for rectification**

The assessee is directed to a new window, wherein he needs to select the relevant assessment year for which he needs to file the rectification request from the drop-down and click on the 'continue' tab to proceed.

#### **Step 5: Select the 'Request Type'**

The assessee is directed to a new window, 'Select the Request Type'.

Three types of requests are specified for raising the rectification request:

- (1) **Reprocess the Return:** Select this option if the assessee has furnished true and correct particulars in the Return of Income and CPC has not considered the same during processing;
- (2) **Return Data Correction (Offline):** Select this option if there is a need to make necessary corrections in the data. The assessee needs to re-enter all the entries in the schedules. All the correct entries and the remaining entries mentioned in the ITR filed earlier are to be entered. The assessee needs to make necessary corrections in the data. While doing corrections, the assessee is not supposed to declare any new source of income or claim additional deductions.
- (3) **Tax Credit Mismatch Correction:** Use this option if the assessee needs to correct details in TDS/TCS/IT challans of the processed Return of Income. The assessee needs to re-enter all the entries in the schedules. All the corrected entries and other entries mentioned in the ITR filed earlier are to be entered. The assessee needs to make the necessary corrections in the data. While doing corrections, the assessee is not supposed to claim credits which are not part of the processed return or the Form 26AS statement.

### A) Type 1 Request: Reprocess the Return

In raising the 'Reprocess the Return' type of rectification request, the assessee is simply required to click on the 'arrow' on the right side and confirm the submission of such type of rectification request. After submission, the assessee is provided with an acknowledgment receipt number (ARN) of such rectification request by CPC.

### B) Type 2 Request: Return Data Correction

In raising this rectification request, the assessee is required to give the reason for raising such a rectification request in the column provided for this purpose in not more than 4,000 characters.

Thus, in the column- 'Rectification Reason', the assessee needs to mention this fact as shown below, with a character limit of not more than 4,000 characters.

Further, the assessee is required to upload the JSON file of the revised return being filed by it, as stated above, and click on the 'submit' button to file its rectification request. After submission, the assessee is provided with an acknowledgment receipt number (ARN) of such rectification request by CPC.

### C) Type 3 Request 'Tax Credit Mismatch Correction'

The assessee needs to select the relevant type from the two available options:

- **Details of Tax Deducted at Source on Income as per Form 16A:** The assessee needs to tick the particular deductor for which correction needs to be made and submit the rectification request. After submission, the assessee is provided with an acknowledgment receipt number (ARN) of such rectification request by CPC.
- **Details of Tax Deducted at Source on Income as per Form 16B/16C/16D, issued by Deductor:** The assessee needs to tick the particular deductor for which correction needs to be made and submit the rectification request. After submission, the assessee is provided with an acknowledgment receipt number (ARN) of such rectification request by CPC.

## e-Filing of Response to Outstanding Demand

### Step-by-Step guide for e-filing of response

#### Step 1: Visit the 'e-filing portal':

The assessee is required to visit the 'e-filing portal' from the link: <https://www.incometax.gov.in/iec/foportal>

#### Step 2: Log in to the account

Click on the 'login' button located on the top right side of the screen. On the next screen, fill in the 'user id', which is the 'PAN', and click 'Continue'. Then enter the 'password' and click 'continue' to complete the login.

#### Step 3: Select 'Response to Outstanding Demand'

Select the 'Pending Actions > Response to Outstanding Demand' tab to proceed.

#### Step 4: Select the options for response

The assessee is directed to a new window containing the assessment year-wise details of the outstanding demand of the assessee. The assessee needs to select the relevant assessment year

for which he needs to file the response. The assessee is provided with three buttons on the right side:

- (1) **Pay Now:** If the assessee agrees with the demand, he can pay the said demand by clicking on the 'Pay Now' button.
- (2) **Download:** The assessee can see the demand order/intimation by clicking the 'Download' button.
- (3) **Submit Response:** For submitting the response to the outstanding demand for the selected assessment year, the assessee needs to click on the '*Submit Response*' button to proceed.

#### **Step 5: Select the response option**

If the assessee chooses 'Submit Response', and agrees with the demand, he needs to choose the '*Demand is correct*' option and pay the due tax. If he disagrees with the demand, then he is required to select the '*Disagree with demand (Either in Full or Part)*' option.

#### **Step 6: Provide reason for disagreement**

The assessee is required to select the reason for disagreement with demand from the available options in the drop-down.

If the reason for the disagreement is not covered by any of the available options in the drop-down, then the assessee may choose '*Others*'. After choosing this option, the assessee is directed to a new window, wherein he is required to enter the amount of outstanding demand, for which he is in disagreement on account of the said reason. The assessee is also required to provide the remarks and details of such reason for disagreement in not more than 2,000 characters. After providing the same, the assessee is required to click the '*save button*' to submit his response to such disagreement with the outstanding demand.