

DEEMED AUTHENTICATION OF ELECTRONIC RECORDS SUBMITTED IN FACELESS ASSESSMENT PROCEEDINGS

The Central Board of Direct Tax ('CBDT') *vide* Notification No. 101 of 2021, in exercise of powers conferred by section 144B(7) r/w section 295 of the Income Tax Act, 1961 ('the Act') notifies the Income-tax (26th Amendment) Rules, 2021 ('the Rules') and Introduced Rule 14C to prescribe the manner of authentication of an electronic record under electronic verification code by providing that for the purpose of section 144B(7)(i)(b) of the Act. The Rule 14C of the Rules clarified those electronic records submitted through registered account of the taxpayers in the Income-tax Department's portal shall be deemed to have been authenticated by the taxpayer by electronic verification code ('EVC'). Therefore, where an assessee submits an electronic record by **logging into his registered account in the designated portal** of the Income-tax Department, it shall be deemed that the **electronic record has been authenticated by EVC** for the purpose of section 144B(7)(i)(b) of the Act.

The simplified process of authentication by EVC is not available to certain persons (such as companies, tax audit cases, etc.) was not available prior to amendment and the assessee or any other authorized person mandatorily required to authenticate the electronic records by affixing his DSC in faceless assessment proceedings, which resulted into difficulty in the process of faceless assessment. Hence, to remove the hardship faced by an assessee or his authorized representative who are mandatorily required to authenticate electronic records by digital signature shall be deemed to have authenticated the electronic records when they submit the record through their registered account in the Income-tax Department's portal.

KNAV Comments:

1. Introduction of Rule 14C is welcome move and it has made the faceless assessment process more user friendly by removing hardship faced by an assessee or his authorized representative while submitting electronic records by affixing DSC.
2. Legislative changes in the existing provisions of section 144B(7)(i)(b) of the Act are expected in due course.

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