



Manual of Office Procedure for National Faceless Assessment Centre (NaFAC) 2024

**DIRECTORATE OF INCOME TAX
(ORGANISATION & MANAGEMENT SERVICES)**

**CENTRAL BOARD OF DIRECT TAXES
DEPARTMENT OF REVENUE
GOVERNMENT OF INDIA**



Manual of Office Procedure for National Faceless Assessment Centre (NaFAC) 2024

**DIRECTORATE OF INCOME TAX
(ORGANISATION & MANAGEMENT SERVICES)
CENTRAL BOARD OF DIRECT TAXES
DEPARTMENT OF REVENUE
GOVERNMENT OF INDIA**

Table of Contents

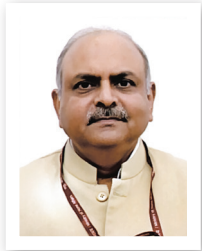
Sr. No.	Description	Page No.
1	Message from Chairman	i
2	Foreword	ii
3	Preface	iii
4	Roles and Functions of NaFAC	1
5	Organisation Structure of NaFAC	1
6	Broad functions of NaFAC	2
7	Broad Functions of National Faceless Penalty Centre (NFPC)	3
8	Policy related Roles and Responsibilities	4
9	Functioning of Technical Units	5
10	Coordination Functions	6
11	Training and Capacity Building	6
12	Outreach and Taxpayer Engagement	6
13	Grievance Handling	7
14	Writ Petition handling	7

रवि अग्रवाल, भा. रा. से.

अध्यक्ष, सी.बी.डी.टी

Ravi Agrawal, I.R.S.

Chairman, CBDT



सत्यमेव जयते

भारत सरकार
Government of India

विशेष सचिव
वित्त मंत्रालय / राजस्व विभाग
केन्द्रीय प्रत्यक्ष कर बोर्ड
Special Secretary
Ministry of Finance / Department of Revenue
Central Board of Direct Taxes

MESSAGE

The revised Manual of Office Procedure published in 2019 provided a framework for carrying out various operations in the Income Tax Department. Since its release, the department has undergone substantial transformation with a renewed focus on taxpayer services through enhanced digitalisation of processes and elimination of face to face interactions in the assessment and appellate proceedings.

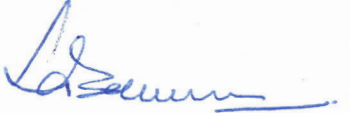
In view of these advancements, the department decided to undertake a comprehensive review of its organizational structure and processes. To steer this initiative, a committee was constituted with the objective of redefining, realigning, and reassigning roles at all levels within different verticals of the department.

Following the report submitted by the Committee, to provide clear guidance, ensure consistency and transparency, and to have standard operating procedures for functionaries at different levels, separate Manuals of Office Procedure are being published for different verticals.

I compliment the committee for conducting an extensive research and preparing a comprehensive report. I also compliment the heads of each vertical of the Department for ensuring wholehearted participation in this exercise of creation of dedicated, vertical-specific Manuals.

Entire team of the Directorate of Organisation & Management Service (DOMS) also deserves appreciation for painstakingly co-ordinating with each vertical of the Department and bringing this task to a fruitful conclusion.

It is expected that these vertical-specific Manuals outlining the roles and responsibilities at each level will ensure clarity in operations, and serve as a useful tool in enhancing the efficiency, productivity, and overall functioning of the Department.


(RAVI AGRAWAL) 26/12



FOREWORD

The functions of Income Tax Department have diversified and increased multifold over the last decade. For being responsive and adaptive to the changing business environment, complex and novel business structures, new technological development and accelerated globalisation, it is imperative that policies and operating procedures of the department are constantly reviewed. It is also important that the structure and functions of the Department are aligned with the latest developments and the contemporary realities. A need was therefore felt to delineate the role and functions in a granular manner at all levels in the Department.

2. A Committee was accordingly constituted on 27.07.2022 by the Board to enumerate the roles and functions of the officers and officials working at different levels, analyse the new functions of each position, and redefine, realign and reassign the roles of each position in the Department. Inputs were sought from the field formations, attached Directorates, employee associations before the Committee finalized and submitted its report on 10.11.2023. The report was circulated to different verticals of the department for drafting and finalization of a separate Manual of Office Procedure at their end.
3. Manual of Office Procedure for the Pr. CCIT (NaFAC) is part of the series of such manuals to be released for different verticals.
4. The accomplishment of this task would not have been possible without the sincere efforts of the members of the Committee who were tasked with the responsibility of submitting their recommendations on redefining Roles and Functions of all levels in the Department. Officers of Pr. CCIT (NaFAC) and Directorate of Organization and Management Services (DOMS) also deserve appreciation for their efforts in finalization of this Manual.
5. It is expected that the manual would enhance the standards and efficiency of the department and help the employees at different levels in discharging their functions in a more meaningful manner.

(Harinder Bir Singh Gill)



प्रवीण कुमार, भा.रा.से.
PRAWIN KUMAR, I.R.S.
प्रधान महानिदेशक
PRINCIPAL DIRECTOR GENERAL

दूरभाष/Telephone : +91-11-23412480
फैक्स/Fax : +91-11-23411264

प्रधान आयकर महानिदेशक
(प्रशासन एवं करदाता सेवाएं)
पॉचवी मंजिल, मयूर भवन, कनॉट सर्कस, नई दिल्ली- 110001
Principal Director General of Income Tax
(Administration & Tax Payer Services)
5th Floor, Mayur Bhawan, Connaught Circus,
New Delhi-110001



Preface

It gives me immense pleasure to present the Manuals of Office Procedure 2024 which are being published separately for different verticals of the Department.

These MOPs are designed to describe the broad tasks being performed, and to delineate the roles and functions of all levels in a granular manner, in each vertical of the Department.

I express my sincere thanks to all the concerned Directorates and offices for their contribution in the whole exercise, and urge them to sensitise each and every official working in different verticals to make use of these manuals.

I extend my heartiest congratulations to the officers of the Directorate of Organization and Management Services for their sincere efforts and hard work in preparation of these manuals.

(Prawn Kumar)

NATIONAL FACELESS ASSESSMENT CENTRE (NaFAC)

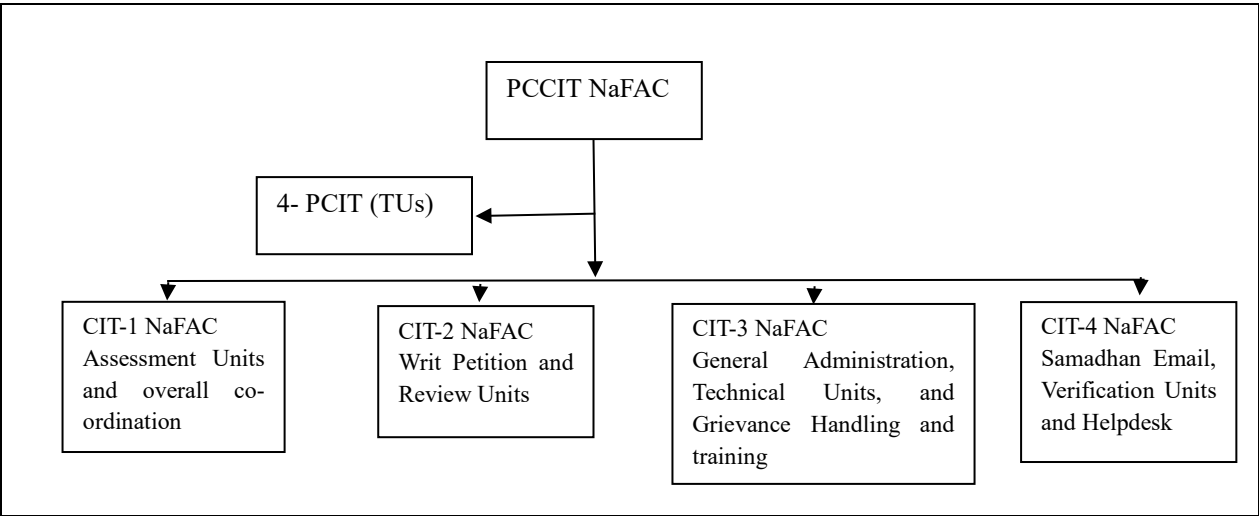
1. Roles and Functions of NaFAC

The Roles and Responsibilities of NaFAC are rooted in Section 144B of the Income Tax Act 1961(the Act). Section 144B(3) of the Act mandates that the Board may set up a National Faceless Assessment Centre to facilitate the conduct of faceless assessment proceedings in a centralized manner. Further, the Central Board of Direct Taxes (CBDT) is authorized to define the functions of the National Faceless Assessment Centre.

The provisions of sub-section 144B(6)(xi) of the Act further state that the Principal Chief Commissioner in charge of the National Faceless Assessment Centre shall, with the prior approval of the Board, lay down the standards, procedures, and processes for effective functioning of the National Faceless Assessment Centre and the units set up in an automated and mechanized environment.

Apart from the above enabling provisions, Section 144B of the Act also assigns various roles to National Faceless Assessment Centre which are related to forwarding and routing of information. These roles are enabled in a virtual manner through Systems processes and do not need any human intervention.

2. Organisation Structure of NaFAC



3. Broad Functions of NaFAC

- (i) Facilitate the conduct of faceless assessment proceedings in a centralized manner.
- (ii) Lay down the standard, procedure, and processes for effective faceless assessment in an automated and mechanized environment.
- (iii) Role in setting up of faceless assessment architecture in ITBA/Insight as per the provisions of law.
- (iv) Co-ordination with the Directorate of Systems to ensure effective implementation of the enabling Information Technology Systems and monitor the functioning of the systems on a regular basis.
- (v) Issuance of Standard Operating Procedure (SOP) for the guidance of the field Faceless Assessment Units.
- (vi) Co-ordinating agency for operation and integration of the VC facility in collaboration with the National e-Governance Division of the Ministry of Information Technology and the Directorate of Systems.
- (vii) Main co-ordinator between the CBDT and the field formations of Faceless Assessment Units for functions including centralized planning, oversight, quality assurance, reporting and exception handling.
- (viii) Analyzing feedback received from field assessment units.
- (ix) Processing various proposals for the issue of centralized instructions, guidelines, and amendments to the laws for consideration of the CBDT.
- (x) Publishing clarifications in the form of FAQs to ensure a better understanding of the legal provisions and the SOPs.
- (xi) Centralized MIS reports are processed by NaFAC to ensure smooth disposal of cases at the national level.
- (xii) Central coordinating agency between the various verticals of the Faceless Assessment Eco-System.
- (xiii) Providing specific inputs and resource persons for training of the field officers posted in Faceless Assessment related Units.
- (xiv) Handling dedicated facilitation desk to assist the Field Officers resolve the problems encountered in the day-to-day functioning.
- (xv) Information dissemination and taxpayer education initiatives in co-ordination with PR, P&P Directorate.

- (xvi) Running targeted campaigns through Insight on specific issues related to Faceless Assessment Processes.
- (xvii) Operating dedicated e-mail IDs for grievance handling related to assessment.
- (xviii) Analyzing the contents of the Writ Petitions to suggest policy-level interventions as and when required.
- (xix) Overall supervision and control of Technical Units for providing technical assistance which includes any assistance or advice on legal, accounting, forensic, information technology, valuation, transfer pricing, data analytics, management or any other technical matter or an agreement entered into under Section 90 or 90A of the Act.
- (xx) Ensuring the smooth functioning of various technical faceless units.
- (xxi) In legal references from the AU, to ensure that as far as possible, consistency is maintained in the interpretation of the issue in the absence of a binding decision.
- (xxii) Compilation of Guidance Notes for future reference based on compiled interpretation arrived by the technical units.
- (xxiii) Ensuring co-ordination with the other designated agency and authority for references made to technical units.

4. Broad Functions of National Faceless Penalty Centre (NFPC)

- (i) Facilitating the conduct of faceless penalty proceedings in a centralized manner.
- (ii) Laying down the standard, procedure and processes for effective faceless penalty proceedings in an automated and mechanized environment.
- (iii) Setting up of faceless penalty architecture in ITBA/Insight as per the provisions of law.
- (iv) Co-ordination with the Directorate of Systems to ensure effective implementation of the enabling Information Technology Systems and monitor the functioning of the systems on a regular basis.
- (v) Issuing Standard Operating Procedure (SOP) for the guidance of the field Faceless Penalty Units.
- (vi) Co-ordinating agency for operation and integration of the VC facility in collaboration with the national e-Governance Division of the Ministry of Information Technology and the Directorate of Systems.

- (vii) Main co-ordinator between the CBDT and the field formations of Faceless Penalty Units for functions including centralized planning oversight, quality assurance, reporting and exception handling.
- (viii) Analyzing feedback received from penalty units or penalty review units.
- (ix) Processing various proposals for the issue of centralized instructions, guidelines and amendments to the laws for consideration of the CBDT.
- (x) Publishing clarifications in the form of FAQs to ensure a better understanding of the legal provisions and the SOPs.
- (xi) Centralized MIS reports are processed by NFPC to ensure smooth disposal of cases at the national level.
- (xii) Central co-ordinating agency between the various verticals of the Faceless Penalty Eco-System.
- (xiii) Providing specific inputs and resource persons for training of the field officers posted in Penalty Units and Penalty Review Units.
- (xiv) Handling dedicated facilitation desk to assist the Field Officers in resolving the problems encountered in the day-to-day functioning.
- (xv) Information dissemination and taxpayer education initiatives in co-ordination with PR, P&P Directorate.
- (xvi) Running targeted campaigns through Insight on specific issues related to Faceless Penalty Processes.
- (xvii) Operating dedicated e-mail IDs for grievance handling related to penalties, to receive, and thereafter resolve grievances received from the appellants regarding their appeal proceedings.
- (xviii) Analyzing the contents of the Writ Petitions to suggest policy-level interventions as and when required.

5. Policy related Roles and Responsibilities

5.1 The primary responsibility of NaFAC is to lay down the standards, procedures and processes for effective faceless assessment in an automated and mechanized environment [Section 144B(6)(xi) of the Act] NaFAC plays a pivotal role in setting up of faceless assessment architecture in ITBA/Insight as per the provisions of law. The team at NaFAC works closely with the Directorate of Systems to ensure effective

implementation of the enabling Information Technology Systems and monitors the functioning of the systems on a regular basis.

5.2 NaFAC has issued Standard Operating Procedure (SOP) for the guidance of the field Faceless Assessment Units. A comprehensive SOP for assessment was issued in August, 2022 and for penalty in September, 2022.

5.3 The Faceless Assessment process requires a Video Conferencing (VC) facility for contactless personal hearing. The National Faceless Assessment Centre is the main Coordinating agency for operation and integration of the VC facility in collaboration with the National e-Governance Division of the Ministry of Information Technology and the Directorate of Systems.

5.4 In this context, it is relevant to note that the role of NaFAC in individual cases is limited to: -

- (i) Handling of proposal for special Audit u/s 142(2A) of the Act [Section 144B (7) of the Act].
- (ii) Transfer of cases u/s 144B (8) of the Act with the approval of the CBDT.

6. Functions of Technical Units

6.1 The provisions of Section 144B of the Act require the setting up of technical units to facilitate the conduct of faceless assessment, to perform the functions of providing technical assistance which includes any assistance or advice on legal, accounting, forensic, information technology, valuation, transfer pricing data analytics, the management or any other technical matter under the Act or an agreement entered into under Section 90 or 90A of the Act which may be required in a particular case or a class of cases.

6.2 Accordingly, the CBDT has set up 4 Technical Units in Delhi, Mumbai, Kolkata and Chennai. These technical units work under the overall supervision and control of PCCIT NaFAC.

7. Co-ordination Functions

7.1 The National Faceless Assessment acts as the main co-ordinator between the CBDT and the field formations of Faceless Assessment Units. The functions include centralized planning, oversight, quality assurance, reporting and exception handling.

7.2 Based on the feedback received from field assessment units, the NaFAC processes various proposals for the issue of centralized instructions guidelines, and amendments to the laws for consideration of the CBDT. To ensure a better understanding of the legal provisions and the SOPs, clarifications in the form of FAQs are published and updated on a regular basis.

7.3 The Centralized MIS reports are processed by NaFAC to ensure smooth disposal of cases at the national level. The NaFAC is the Central Co-ordinating Agency between the various verticals of the Faceless Assessment Eco-System i.e. Assessment Units, Review Units, Verification Units and Technical Units.

8. Training and Capacity Building

The National Faceless Assessment Centre provides specific inputs and resource persons for the training of the field officers posted in Faceless Assessment-related Units. A dedicated facilitation desk works to assist the Field Officers resolve the problems encountered in the day-to-day functioning.

9. Outreach and Taxpayer Engagement

9.1 Information dissemination and taxpayer education initiatives are run by NaFAC independently and in co-ordination with the office of Pr. DGIT (Admin). For the general taxpayer education initiatives run by the office of Pr. DGIT (Admin), the National Faceless Assessment Centre provides and approves the publicity material.

9.2 The National Faceless Assessment Centre runs targeted campaigns through Insight on specific issues related to Faceless Assessment Processes like timely compliance to notices and seeking personal hearing etc.

10. Grievance Handling

The National Faceless Assessment Centre operates dedicated e-mail IDs for grievance handling related to assessment and penalties. The feedback from the grievance platforms is used to further refine the processes and for specific systems-related interventions in cases of generic issues.

11. Writ Petition Handling

11.1 The provisions related to Faceless Assessment have been challenged in Writ Petition across the country. The National Faceless Assessment Centre in consultation with the CBDT ensures that a consistent stand is taken by the department, before the Courts in defending the legal provisions under challenge.

11.2 The National Faceless Assessment Centre analyses the contents of the Writ Petitions to suggest policy-level interventions as and when required.



Directorate of Income Tax
(Public Relations, Publications & Publicity)
6th Floor, Mayur Bhawan, Connaught Circus, New Delhi-110001