

**MINISTRY OF FINANCE**  
**(Department of Revenue)**  
**(CENTRAL BOARD OF DIRECT TAXES)**

**NOTIFICATION**

New Delhi, the 1st November, 2021

**(INCOME-TAX)**

**S.O. 4584(E).**—In exercise of the powers conferred by sub-section (11) and (12) of section 245D of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby makes the following Scheme, namely:—

**1. Short title and commencement.**—(1) This Scheme may be called the e-Settlement Scheme, 2021.

(2) It shall come into force on the date of its publication in the Official Gazette.

**2. Definitions.**— (1) In this Scheme, unless the context otherwise requires,—

- (a) “Act” means the Income-tax Act, 1961 (43 of 1961);
- (b) “addressee” shall have the same meaning as assigned to it in clause (b) of sub-section (1) of section 2 of the Information Technology Act, 2000 (21 of 2000);
- (c) “applicant” means the assessee who had filed an application under section 245C of the Act and such application is a pending application;
- (d) “authorised representative” shall have the same meaning as assigned to it in sub-section (2) of section 288 of the Act;
- (e) “automated allocation system” means an algorithm for randomised allocation of cases, by using suitable technological tools, including artificial intelligence and machine learning, with a view to eliminate discretion and optimise the use of resources;
- (f) “computer resource” shall have the same meaning as assigned to it in clause (k) of sub-section (1) of section 2 of the Information Technology Act, 2000 (21 of 2000);
- (g) “computer system” shall have the same meaning as assigned to it in clause (l) of sub-section (1) of section 2 of the Information Technology Act, 2000 (21 of 2000);
- (h) “designated portal” means the web portal designated as such by the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be;
- (i) “digital signature” shall have the same meaning as assigned to it in clause (p) of sub-section (1) of section 2 of the Information Technology Act, 2000 (21 of 2000);

- (j) “electronic mode” means any communication by way of an e-mail, video-telephony or video conferencing or any other electronic media;
- (k) “electronic record” shall have the same meaning as assigned to it in clause (t) of sub-section (1) of section 2 of the Information Technology Act, 2000 (21 of 2000);
- (l) “email” or “electronic mail” means a message or information created or transmitted or received on a computer, computer system, computer resource or communication device including attachments in text, image, audio, video and any other electronic record, which may be transmitted with the message;
- (m) “e-Settlement” means the settlement where proceedings are conducted electronically;
- (n) “Interim Board” means the Interim Board for Settlement constituted by the Central Government under section 245AA of the Act;
- (o) “pending application” shall have the meaning as assigned to it in clause (eb) of section 245A of the Act;
- (p) “registered e-mail address” means the e-mail address at which an electronic communication may be delivered or transmitted to the addressee, including-
  - (i) the email address available in the electronic filing account of the addressee registered in the designated portal; or
  - (ii) the e-mail address available in the last income-tax return furnished by the addressee; or
  - (iii) the e-mail address available in the Permanent Account Number database relating to the addressee; or
  - (iv) in the case of addressee being an individual who possesses the Aadhaar number, the e-mail address of addressee available in the database of Unique Identification Authority of India; or
  - (v) in the case of addressee being a company, the e-mail address of the company as available on the official website of Ministry of Corporate Affairs; or
  - (vi) any e-mail address made available by the addressee to the income-tax authority or any person authorised by such authority;
- (q) “settlement” means the settlement under Chapter XIX-A of the Act;
- (r) “Rules” means the Income-tax Rules, 1962;
- (s) “video conferencing or video telephony” means the technological solutions for the reception and transmission of audio-video signals by users at different locations, for communication between people in real-time.

(2) Words and expressions used herein and not defined but defined in the Act shall have the meaning respectively assigned to them in the Act.

**3. Scope of the Scheme.**—This Scheme shall be applicable to pending applications in respect of which the applicant has not exercised the option under sub-section (1) of section 245M of the Act and which has been allotted or transferred by Central Board of Direct Taxes to an Interim Board.

**4. Interim Board.**—(1) The Interim Board shall conduct e-settlement of pending applications allocated or transferred to it under paragraph 3, in accordance with the provisions of this Scheme.

(2) The Interim Board shall have such income-tax authority, ministerial staff, executive or consultant to assist the members of the Interim Board, as considered necessary by Central Board of Direct Taxes.

**5. Allocation of pending applications.**—The Principal Director General of Income-tax (Systems) or the Director General of Income tax (Systems), as the case may be, shall, with the approval of Central Board of Direct Taxes, devise a process to randomly allocate or transfer the pending applications, referred to in paragraph 3, to the Interim Boards.

**6. Procedure for settlement.**—The procedure for settlement of pending applications allotted or transferred to an Interim Board shall be as per the following, namely:-

- (i) the Interim Board shall intimate the applicant about the allocation or transfer, as the case may be, of his case to it;

- (ii) the Interim Board may call for the records from the Principal Commissioner or the Commissioner and may forward the necessary information, document, evidence, report and additional facts referred to in paragraph 7 to the Principal Commissioner or the Commissioner and direct it to make or cause to be made further enquiry or investigation and furnish a report in accordance with and within the time allowed under sub-section (3) of section 245D of the Act;
- (iii) where the Principal Commissioner or the Commissioner fails to furnish the report as referred to in clause (ii), within the time, the Interim Board may proceed to pass the order under sub-section (4) of section 245D of the Act, without waiting for that report;
- (iv) where the report as referred to in clause (ii) has been furnished by the Principal Commissioner or the Commissioner, the Interim Board shall forward such report to the applicant and request the applicant to submit written response to such report within the date and time specified or such extended date and time as may be allowed on the basis of an application made in this behalf;
- (v) where the applicant fails to furnish the response as referred to in clause (iv) within the specified time, or within the extended time, the Interim Board may proceed to pass the order under sub-section (4) of section 245D of the Act, without waiting for that response;
- (vi) the opportunity referred to in sub-section (4) of section 245D of the Act shall be provided by the Interim Board through video conferencing or video telephony;
- (vii) the Interim Board shall before providing opportunity referred to in clause (vi), forward the response referred to in clause (iv), if received from the applicant, to the Principal Commissioner or the Commissioner;
- (viii) an authorised representative appearing for the applicant at the time of hearing of an application shall file before the commencement of the hearing a document authorising him to appear for the applicant and if he is a relative of the applicant, the document shall state the nature of his relationship with the applicant, or if he is a person regularly employed by the applicant, the capacity in which he is employed at that point in time;
- (ix) the Interim Board may, on such terms as it thinks fit and at any stage of the proceedings, adjourn the hearing of the application or any matter arising therefrom;
- (x) after hearing the applicant and the Principal Commissioner or the Commissioner, through video conferencing or video telephony, and after examination of all the information, document, record, report and evidence with it, the Interim Board shall pass order under sub-section (4) of section 245D of the Act;
- (xi) the order passed under clause (x) shall be delivered to the applicant vide the registered e-mail address along with a copy to the Principal Commissioner or the Commissioner;
- (xii) the order passed under clause (x) may be rectified by the Interim Board under sub-section (6B) of section 245D of the Act either *suo motu* or on an application made by the applicant or the Principal Commissioner or the Commissioner;
- (xiii) the provisions of Chapter XIX-A of the Act shall *mutatis mutandis* apply to pending applications allotted or transferred, to the Interim Boards.

**7. Verification of additional facts.**— Where in the course of any proceedings before the Interim Board any facts not contained in the settlement application (including the annexure and the statements and other documents accompanying such annexure) are sought to be relied upon, they shall be submitted to the Interim Board in writing and shall be verified in the same manner as provided for in the settlement application.

**8. Proceedings not open to the public.**— The proceedings before the Interim Board shall not be open to the public and no person (other than the applicant, his employee, the concerned officers of the Interim Board or the Income-tax authority or the authorised representatives) shall, without the permission of the Interim Board, remain present during such proceedings, even on video conferencing or video telephony.

**9. Communication on behalf of the Interim Board.**— (1) The opportunity for hearing through video conferencing or video telephony shall be facilitated by any Income-tax Authority as authorised by the Interim Board, who will provide the link and password to the applicant and concerned parties in advance.

(2) All communication of the Interim Board inward and outward shall be carried out by any Income-tax Authority as authorised by the Interim Board.

**10. Communication exclusively by electronic mode.**—(1) For the purposes of this Scheme,-

- (a) all communications between the Interim Board and the applicant, or his authorised representative, shall be exchanged by electronic mode;
- (b) all communications between the Interim Board and the Principal Commissioner or the Commissioner shall be exchanged by electronic mode:

Provided that any application received in a mode other than electronic mode by the Interim Board may be forwarded to the Principal Commissioner or the Commissioner electronically, to the extent technologically feasible.

- (c) every notice or order or any other electronic communication under this Scheme from the Interim Board shall be delivered to the addressee, being the applicant by sending an e-mail to the registered email address of the applicant or his authorised representative;
- (d) the applicant or the authorised representative shall file his response to any notice or order or any other electronic communication, under this Scheme, to the Interim Board through his registered e-mail address; and
- (e) the Principal Commissioner or the Commissioner shall file his response to any notice or order or any other electronic communication, under this Scheme, to the Interim Board through official electronic mail facility.

**11. Authentication of electronic record.**—For the purposes of this Scheme, an electronic record shall be authenticated by the—

- (i) the Interim Board, the Principal Commissioner or the Commissioner, by affixing its digital signature;
- (ii) the applicant or his authorised representative, by affixing his digital signature if he is required under the Rules to furnish his return of income under digital signature, and in any other case, by communicating through his registered e-mail address.

**12. No personal appearance before the Interim Board.**—(1) The applicant shall not be required to appear either personally or through authorised representative in connection with any proceedings under this Scheme before the Interim Board or before any Income-tax Authority or ministerial staff posted with the Interim Board.

(2) Central Board of Direct Taxes shall establish suitable facilities for video conferencing including telecommunication application software which supports video telephony at such locations as may be necessary, so as to ensure that the applicant, or his authorised representative, is not denied the benefit of this Scheme merely on the ground that such applicant or his authorised representative, or any other person does not have access to video conferencing at his end.

**13. Language of the Interim Board.**— (1) All pleadings before the Interim Board may, at the option of the applicant, be in Hindi or in English.

(2) All orders and other proceedings of the Interim Board may, at the option of the Interim Board, be in Hindi or in English

**14. Publication of orders of the Interim Board.**—The Interim Board, at its discretion, direct the publication of orders or portions containing the rulings of the Interim Board with such modifications as to names and other particulars therein, as it may deem fit.

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