

**Income Tax | e-Dispute Resolution Scheme, 2022**

Chapter XIXAA was introduced in the Income-tax Act 1961 (the Act) with effect from 1 April 2021 to introduce the concept of 'Dispute Resolution' by the Dispute Resolution Committee (DRC). The aim was to reduce or waive any penalty imposable under the Act or grant immunity from prosecution for any offence punishable under the Act in the case of a person whose dispute is resolved under this Chapter. Further, it was proposed to introduce an e-dispute resolution process to impart greater efficiency, transparency and accountability by:

- a. eliminating the interface between the DRC and the assessee in the course of dispute resolution proceedings to the extent technologically feasible;
- b. optimising utilisation of the resources through economies of scale and functional specialisation;
- c. introducing a dispute resolution system with dynamic jurisdiction

Rule 44DAB is inserted with effect from 5 April 2022, whereby an assessee needs to apply electronically to the DRC where there is any variation in the specified order of the income tax authority which the assessee disputes. A DRC is thus established for every region of the Principal Chief Commissioner of Income Tax (Principal CCIT).

**Application**

Application to the DRC should be in form 34BC within 1 month from receipt of the assessment order.

**E-dispute resolution mechanism**

- i. The DRC shall examine the application with respect to the specified conditions and criteria for the specified order.
- ii. If the DRC determines that the application for dispute resolution should be denied, it will issue a notice to the assessee to show cause why his application should not be rejected, together with a date and time for filing a response.
- iii. To the extent technologically feasible, the DRP shall provide the assessee with an opportunity of being heard through video telephony or video conferencing facility.
- iv. Once the application has been accepted, the committee may request data from the income-tax authorities and conduct further examinations as it deems fit as regards the issues covered in the application.
- v. All the communications between the DRC and the assessee will be in electronic mode (to the extent technologically feasible). Similarly, all the internal communications between the DRC and any income-tax authority shall be exclusively through electronic mode.
- vi. Every notice, order, or other electronic communication issued under the scheme must be delivered to the addressee, whether it is the assessee or any other person, by:
  - a. depositing an authenticated copy in the assessee's or any other person's registered account, as the case may be; or
  - b. sending an authenticated copy thereof to the registered email address of the assessee or any other person, as the case may be, or his authorised representative.

The e-DR process is technologically driven, not requiring the assessee to appear before the DRC in person. However, the assessee can request a personal hearing to make his oral submissions or present his case before the DRC.

**Weblink** <https://incometaxindia.gov.in/communications/notification/notification-no27-2022.pdf>

**Therefore**

This is a welcome step to reduce the dispute and grievances to the assessee. The DRC, subject to prescribed conditions, shall grant waiver of penalty imposable or immunity from prosecution or both, in respect of the order which is the subject matter of resolution, if it is satisfied that such person has co-operated during the proceedings and paid all the taxes in time.