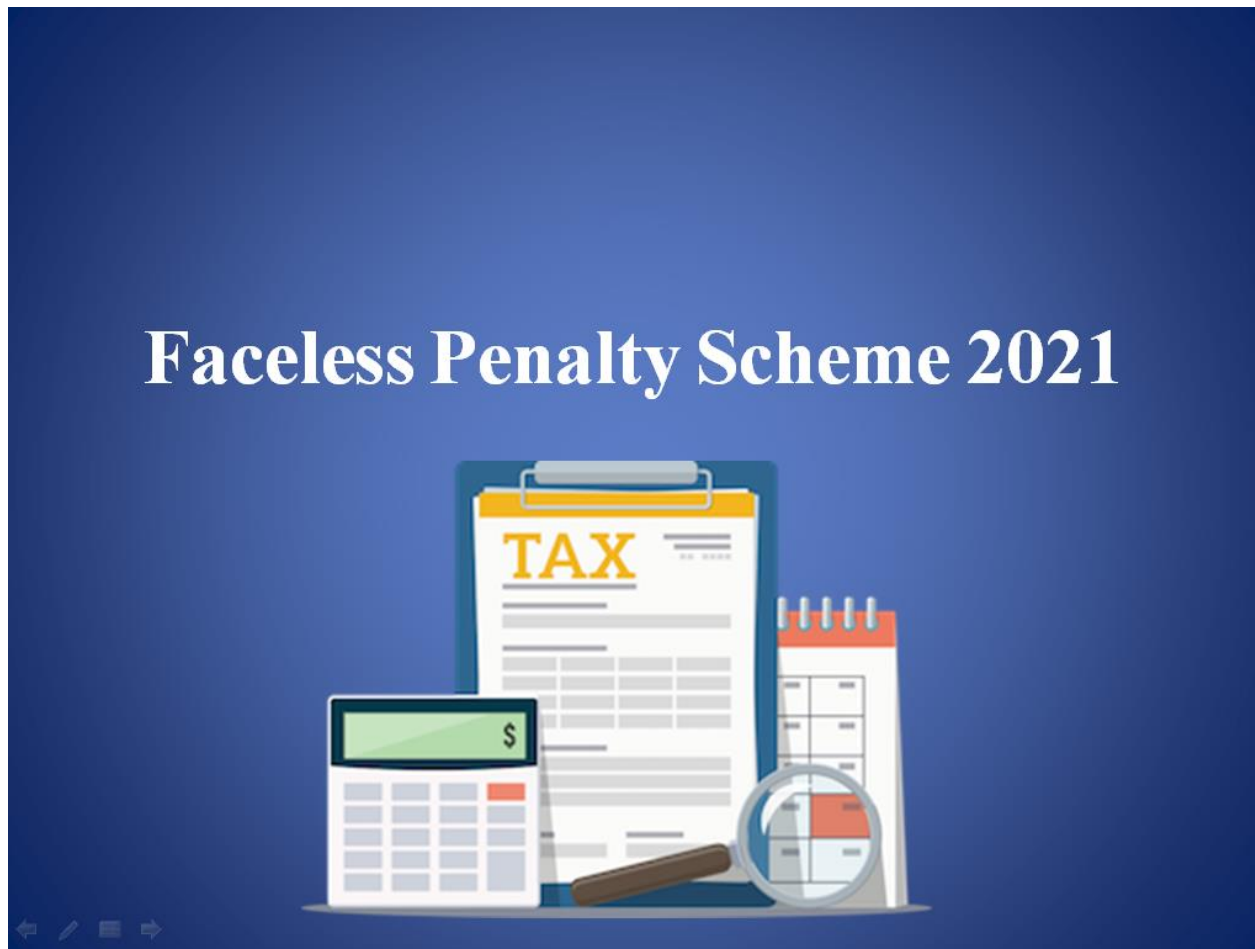


7 Key Highlights of the Faceless Penalty Scheme 2021



The Central Board of Direct Taxes (CBDT) has recently introduced the Faceless Penalty Scheme 2021 on 12th January 2021.

The penalty as per this Scheme shall be levied with regard to specific territorial region, individuals or group of such individuals, income or category of such income, or cases / category of cases, or penalties / class of penalties, as may be notified by the CBDT.

Let us now understand the key highlights of the Faceless Penalty Scheme 2021.

Faceless Penalty Scheme 2021: 7 Key takes

Under the powers conferred u/s 274 (2A) of the Income Tax Act, 1961, the Central Government has given the following directions as regards the Faceless Penalty Scheme 2021—

Provisions u/s 2, 120, 127, 129, 131, 133, 133C, 136, and Chapter XXI of the Income Tax Act shall be applicable to the process for levying penalty in line with the Faceless Penalty Scheme subject to the exceptions, alterations and modifications given below—

The penalty has to be levied under this Scheme according to the procedure explained us under—

- (1.) If a Tax authority or the National Faceless Assessment Centre (NFAC) has done any of these—
 - Begun process of penal actions and has also served a show-cause notice for the charge of penalty; **OR**
 - Has recommended beginning of the penal actions, in the form specified as in the Paragraph 12(viii) of this Scheme, to the National Faceless Penalty Centre;

- (2.) If the National Faceless Penalty Centre (NFPC) has received reference as per clause (i), it shall assign such a case to the specific penalty unit in any of the Regional Faceless Penalty Centres via an automatic allocation system;

- (3.) If a case has been assigned to a penalty unit so mentioned, and the beginning of the penal actions has also been recommended, then such a unit, upon inspection of the records, may decide to –
 - Agree with the recommendation and frame a draft a show cause notice to the assessee or any other person as per the case asking why the penalty should not be charged as per the provisions of the Income Tax Act; **OR**
 - Disagree with such recommendation, and specify reasons for the same in written, and then send this draft notice to the National Faceless Penalty Centre;

- (4.) Upon receiving the draft notice or reasons referred to in clause (iii) from the penalty unit, the NFPC shall do any of the following—
 - Serve a show-cause notice, to the tax assessee or any other person, as per the case, mentioning the date & time for filing the response to such notice; **OR**
 - Refrain from beginning penal action in cases referred to in clause (iii)(b);

- (5.) If the case has been assigned to a penalty unit, and the penalty proceedings have also been begun, such an entity shall serve a show-cause notice to the assessee or any other

person, as per the case asking why penalty should not be levied under the relevant provisions of the Act and furnish such notice to the NFPC;

(6.)NFPC shall serve the show-cause notice, as per draft referred to in clause (v), to the assessee or any other person, as per the case, mentioning the date & time for filing the response to such notice;

(7.) Tax assessee or any other person as per the case, shall file a response to show-cause notice, referred to in clause (iv)(a) or (vi), within the stipulated time frame, or the extended date & time as may be allowed based on the application made in this behalf, with the NFPC.

These are the 7 key highlights of the Faceless Penalty Scheme 2021.

Read the complete [Gazette Notification](#).
