



**THE INSTITUTE OF  
CHARTERED ACCOUNTANTS OF INDIA  
(SET UP BY AN ACT OF PARLIAMENT)**

**2022**

**HAPPY NEW YEAR**

**2022 JANUARY**

**E-NEWSLETTER**

**THRISSUR BRANCH OF SIRC OF ICAI**



## OFFICE BEARERS

CHAIRMAN  
**CA. ARYAN KK**

VICE CHAIRMAN  
**CA. AJITH KAIMAL R**

SECRETARY  
**CA. JEEN PAUL**

TREASURER  
**CA. ANOOP V FRANCIS**

SICASA CHAIRMAN  
**CA. SATHEESH TG**

NEWSLETTER IN CHARGE  
**CA. SILPA RAMDAS**

ACADEMIC COORDINATOR  
**CA. ANOOP G**

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## EDITOR'S DESK



**FRIENDS,**

Here is wishing you all and your family a very *Happy New Year 2022*. May true happiness, longevity and good fortune be with you this New Year and always. Let's all pray for a year full of activities and no lock downs or further restrictions.

We ended 2021 with a victorious and positive note; when our member CA. Satheesan P. got elected to the Southern India Regional Council. It was indeed a healthy competition to the Central as well as Regional Councils and the voting percentage from Kerala was also satisfactory. We were all eagerly waiting for the decisive mandate and it was finally declared on 23rd December which made each and every member of our branch happy and proud.

Finally, it is time to bid adieu to the Committee activities from 2019-2021 and the branch elections are to be conducted on the 28th of January, 2022. The three years of committee period was challenging to all the 3 Chairmen myself, CA. Anoop G and CA. Aryan K.K. It has added a lot to our experience and has also given precious memories to be carried lifelong. I am grateful to each and every member of our branch for giving me this opportunity to create history as the FIRST Lady member to enter the Thrissur branch committee and to adorn the Chair. I promise to work for you as a true member and for the profession as a whole in my individual capacity.

We have two articles this month for our newsletter; an article by CA. Dr. K. Santhakumar on "Decoding the Faceless Appeal Scheme" and by CA. Mini Chandran on "Whats in the 2022 Santa Basket??".

I thank all the members who contributed informative articles to our newsletter.

*Thankyou*

**CA. Silpa Ramdas, FCA, DISA, DIRM(ICAI)**



# CHAIRMAN'S MESSAGE



My Dear Professional Colleagues,

*Wish you all a Happy New Year...!!!*

During the month we members took part in the elections to the Central Council and Regional Council. I should thank all the members who turned up to vote on the 4th of December. I wish all the elected members of the Central Council and Regional Council all success in their upcoming activities. I am one among those lucky Chairmen who have witnessed a representation from the home branch to the Regional Council. Adding more to it he is the only member from the state of Kerala who has been declared elected to the Southern India Regional Council. I on my personal behalf and on behalf of our Managing Committee congratulate Past Chairman and Regional Council elect, CA. Satheesan P for his unparalleled success. Now it's the time to perform and I request the members of Thrissur branch to be a source of strong support to our elected member in the coming years.

The examinations for Final, Foundation and Intermediate were conducted by ICAI in the month of December. The branch facilitated the smooth conduct of the examinations at five centres in Thrissur district.

At the professional front without further extensions we have completed the E-Filing of non-tax audit cases on the 31st of December itself. We have further due dates coming up in January and February 2022.

During the month our Branch has conducted 3 Virtual Meetings.

On 11.12.2021 our Past President CA G Ramaswamy from Coimbatore, presented a paper on "Empowering Young Members to Tread the Turbulent Times" and SIRC Chairman CA Jalapathi K was the Chief Guest of the seminar. This was a joint seminar along with Palakkad and Kottayam Branches.

On 16.12.2021 a seminar was conducted virtually on the topic "Ethical Standards". CA. C N Vaze was the speaker and it was conducted jointly with Kozhikode, Palakkad and Kannur Branches

On 21.12.2021 our member CA Prasanth G Menon spoke on "A Ringside view of standards on Auditing SQC 1, SA 220, SA 240, SA 402, SA 600, SA 610 & 620" for the benefit of the members of our branch as well as six other branches of Kerala.

Lastly, my term as Chairman is coming to an end in January 2022. The elections to the New Managing Committee of the branch will be held on 28th January, 2022. I along with my committee members THANK YOU for all the help and support extended to us during these troublesome days. I request you all to extend the same support to the new Managing Committee as well.

Thanking you,

Yours in service of the profession,

**CA. ARYAN K.K.**  
**CHAIRMAN.**



# DECODING THE FACELESS APPEAL SCHEME

## PART -1



Dr. CA. K. SANTHAKUMAR

The faceless assessment has ushered in a new era in the whole assessment process, a paradigm shift, whereby most of the most of the functions under the Income Tax Act, including filing of returns, its processing, issuances of refunds or demand notices and assessments, which hitherto required person-to-person contact between the taxpayer and the income tax department has in recent years been made in electronic mode.

The filing of the appeals before the CIT(A) in the prescribed Form 35, was already made in electronic mode for some time now. A taxpayer could file appeal through his registered account on the e-filing portal. However, the appellate proceedings that followed after filing the appeal were neither electronic or faceless.

This article is divided into Parts. This first part is dealing with the scheme, the filing of the appeal and its disposal.

The Hon'ble Prime Minister on August 13, 2020 launched the platform for 'Honouring the Honest' which included a Scheme for Faceless Appeals inter alia which has been notified by the Central Board for Direct taxes (CBDT) vide Notifications dated September 25, 2020 bearing No. 76 of 2020 and No. 77 of 2020. The Finance Act, 2020 (2020) 428 ITR 1 (St) vide amendment in section 250(6C) of the Income-tax Act, 1961 (Act) expanded the scope of e-assessment to include e-appeals.

**The amendments in the Finance Act, 2020, sought to bring about:**

a) Elimination in the personal interface between the CIT(A) and the appellant in the course of appellate proceedings to the extent technologically feasible

b) Optimization in the utilisation of the resources through economies of scale and functional specialisation

c) Introduction of an appellate system with dynamic jurisdiction in which appeal shall be disposed of by one or more CIT(A)s. Randomized allocation of appeals to any Officer in the country; the identity of the officer deciding the appeal will be kept unknown; the appellate decision will be team based.

Under the new regime, everything from e-allocation of appeal, e-communication of notices/questionnaire, e-verification, to e-hearing and finally e-communication of the appellate order will be online, doing away with physical interface.

For the purpose of conducting Faceless appeal, the National Faceless Appeal Centre(NFAC), the Regional Faceless Appeal Centres (RFACs) and Appeal Units (AU) comprising one or two CIT(A)s are setup.

The Scheme of Faceless Appeals is a game changer. It will definitely live up to the Honourable Prime Minister's vision of improving transparency, efficiency, and accountability. Moreover, only meritorious submissions will be upheld under this Scheme; that itself plays a huge role in reducing tax terrorism and honouring the honest taxpayer.

As per data with CBDT, at the introduction of the scheme, there was a pendency of almost 4.6 lakh appeals at the level of the Commissioner (Appeals) in the Department. Out of this, about 4.05 lakh appeals, i.e., about 88 per cent of the total appeals was to be handled under the Faceless Appeal mechanism and almost 85 per cent of the present strength of Commissioners (Appeals) to be utilised for disposing off the cases under the Faceless Appeal mechanism.



Under the new Faceless Appeal Scheme, 2020, the appeal of the tax payer before CIT(A), shall be disposed of as per the following procedure:

- The NFAC assigns the appeal to any specific AU in any one RFAC through an automated allocation system. The Automated allocation is randomised by using technological tools, artificial intelligence and machine learning for optimal usage of resources.
- The next phase is admission of the appeal. In case the appeal is filed beyond the stipulated time, in section 249(2) of the Act, the AU may admit such appeal if it is satisfied that the appellant had sufficient cause for not filing the appeal within the said time. In any other case, it may reject the appeal. The AU is required to intimate about such acceptance or rejection to the NFAC. Where the appellant has not furnished his return of income, in that case, the Commissioner (Appeals) shall not admit appeal unless the prescribed of tax has been paid. However, the Commissioner (Appeals) is empowered to exempt the tax payer on account of good and sufficient reasons which have to be recorded in writing. Where the taxpayer has applied for such an exemption under section 249(4) of the Act, the AU is empowered with the power to exempt. The AU shall intimate about the acceptance and rejection of the appeal to the NFAC.

Pursuant thereto, the NFAC shall intimate the admission or rejection of appeal by the Appeal Unit, as the case may be, to the appellant.

- Once an appeal is admitted by the AU, it may request the NFAC to gather such further information, document or evidence from the taxpayer/ appellant or any other 3rd person, as it may specify. The AU can also request to NFAC to obtain a report of the NeAC or the AO on grounds of appeal or information, document or evidence filed by the appellant. Further, AU may request NFAC to direct the NeAC or the AO for making further inquiry under Section 250(4) of the Act and submit a report thereof.

- The NFAC shall serve a notice upon the appellant or any other person, or the NeAC or the Assessing Officer, as the case may be, to submit such information, document or evidence or report, as the case may be, as may be specified by the AU to the appellate proceedings, on a specified date and time.
- The appellant or any other person, NeAC or the AO, shall furnish a response/ report in response to the notice, as the case may be, within the date and time specified therein or such extended date and time as may be allowed on the basis of an application made in this behalf, to the NFAC. Where response is to be filed by the appellant or any other person, as the case may be, or a report is furnished by the NeAC or the Assessing Officer, the NFAC shall send such response or report to the AU, and where no such response or report is filed, inform the AU
- The appellant may file additional ground of appeal in such form, as may be specified by the NFAC, specifying therein the reason for omission of such ground in the appeal filed by him
- The appellant may file additional evidence, other than the evidence produced by him during the course of proceedings before the NeAC or the AO, as the case may be, in such form, as may be specified by the NFAC, specifying therein as to how his case is covered by the exceptional circumstances specified in Rule 46A of the Income Tax Rules, 1962 (Rules)
- If the additional evidence filed by the appellant is admitted by the AU, the following procedure shall be followed:
  - # The AU shall, before taking such evidence into account in the appellate proceedings, prepare a notice to provide an opportunity to the NeAC or AO, as the case may be, within the date and time specified there into examine such evidence or to cross-examine such witness, as may be produced by the appellant, or to produce any evidence or document, or any witness in rebuttal of the evidence or witness produced by the appellant, and furnish a report thereof, and send such notice to the NFAC;



# The NFAC shall serve the notice upon the NeAC or AO, as the case may be;

# The NeAC or AO, as the case may be, shall furnish the report, to the NFAC, 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, by the NFAC;

# The NFAC shall send the report furnished by the NeAC or AO, as the case may be, to the AU or where no such report is furnished, inform the appeal unit;

# The NeAC or AO may request the NFAC to direct the production of any document or evidence by the appellant, or the examination of any witness, as may be relevant to the appellate proceedings.

- NeAC or AO may request the NFAC to direct the appellant to produce any document or evidence or to examine any witness relevant to the appellate proceedings. If such request is received from the appellant, NFAC shall send such request to the AU. The AU, after considering such request, may prepare a notice directing the appellant to produce such document or evidence or for examination of any other person being a witness. Such notice shall be sent to the NFAC. NFAC shall serve the notice received from AU to appellant or any other person being a witness. Person to whom such notice is served shall file his response within the date and time specified in the notice or such extended date and time as may be allowed based on application made in this behalf. Response received from person shall be sent to AU. In case no response is received, NFAC shall inform the appeal unit. If the AU intends to enhance an assessment or a penalty or reduce the amount of refund available to appellant,

it shall prepare a show-cause notice containing the reasons for such enhancement or reduction and forward such notice to the NFAC. NFAC shall issue such a notice to appellant.

The appellant shall file his response within the date and time specified in the notice or such extended date and time as may be allowed based on application made in this behalf. NFAC shall send the response received from appellant to Appeal Unit. In case no response is received, NFAC shall inform the AU.

- The Appeal Unit shall prepare draft order in accordance with the provisions of section 251 of the Act after considering all the relevant material available on the record, response filed by the appellant or any other person, report furnished by the NeAC or AO; and any matter arising out of the proceedings in which the order appealed against was passed, notwithstanding that such matter was not raised in the appeal. The draft order prepared by the Appeal Unit shall be sent to NFAC along with details of the penalty proceedings, if any, to be initiated therein. Under the Scheme the draft order from AU, shall be sent to another AU for review in case where the aggregate amount of tax, penalty, interest or fee, including surcharge and cess, payable in respect of disputed issues, exceed specified amount.

In any other case, the NFAC may:

(a) Finalise the order after examining it in accordance with the risk management strategy specified by the Board, including by way of an automated examination tool; or

(b) Send the draft order for conducting review to an appeal unit, other than the unit which prepared it, through an automated allocation system.

The AU which received the draft order shall review it and may decide to:

(a) Concur with the draft order and intimate the NFAC about such concurrence; or

(b) Suggest such variation, as it may deem fit, to the draft order and send its suggestions to the NFAC.

- NFAC shall finalise the appeal as per the draft order if it has received concurrence of the Appeal Unit. However, if it has received any suggestion for variation then it shall again assign the appeal to another Appeal Unit in any one RFAC through an automated allocation system. This Appeal Unit shall be the unit other than the unit which has prepared or reviewed the draft order.

In case where the suggestion for variation intend to enhance an assessment or a penalty or reduce the amount of refund, the Appeal Unit to whom the appeal is assigned shall prepare a revised draft order as per the procedure laid down. The AU shall also be required to follow the same laid down procedure. In any other case, the AU shall prepare a revised draft order. The Appeal Unit shall send its order to NFAC along with details of the penalty proceedings, if any, to be initiated therein. It is pertinent to understand that the review of the draft order and its assignment to another AU, is with a view to impart greater efficiency and quality of Order. The draft Order of the first AU is not undermined or revised by a superior authority; it is merely reviewed by another AU to ensure robustness. The independence of the quasi-judicial authority is not interfered with, as the final order is issued by the NFAC.

- The NFAC shall finalise the appeal, pass the appeal order and communicate such order to:

The Appellant, the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner as per section 250(7) of the Act; and NeAC or AO for such action as may be required under the Act. In case where initiation of penalty has been recommended in the order, NFAC shall serve a notice on the appellant calling upon him to show cause as to why penalty should not be imposed upon him under the relevant provisions of the Act.

(to be continued)

**Dr. CA. K. SANTHAKUMAR**



# WHAT'S IN THE 2022'S SANTA BASKET?



CA. MINI CHANDRAN

*An abounding prosperous year to all...!!!*

Also congratulations to one and all who waded through 2021 in the surge of pandemic and now triumphantly reading this in all vivacity.

2021 - Was an unprecedented year with all bottlenecks and troughs and still the market ventured out lots of IPOs, unicorns, startups etc. Now the results of the hatched eggs are waiting in embryo!!

As the world grapples with the coronavirus pandemic, an unprecedented fuel spill to the Arctic sea ice that shrunk to its second lowest level on record. The thawing of this ice dense permafrost can trigger gradual subsidence or even extensive ground collapse, exposing deep permafrost to further thawing and releasing yet more carbon into the atmosphere.

The tormenting news that threw the world to a mysterious void on three major glaciers that collapsed in five minutes in Greenland disturbing the ecological balance. This climate change would pave its way to shake the economic balance of the world weakening the global oil and petroleum supply.

India depends upon the Russia for imports of oil and petroleum and now this climatic change would impact the survival of not only Indians but globally.

Now, how's our IPOs.

Ola is receiving Rs.740 crores from Bank of Baroda for manufacturing of electric vehicles in Krishnagiri district. But did the Bank consider what the impact of these climate changes on these industries before funding to them. Do they have a survival?

Ola, the highest rider-hailing platform had been in losses since inception and the valuation of this company were US dollars 7.3 billions and its basis still unknown to common. Another 100% loss making company has been successful to get RBI approval to operate as scheduled bank.

Paytm is 100% loss making company having retained earnings of negative 12,400 crores has received the banking regulator's approval to operate as a scheduled payments bank helping to expand its financial services operations. Paytm reported losses within two months of its raising IPO. Still it was successful in obtaining the RBI license. What was the urgency to issue license to a loss making company?

In case it collapse the RBI guarantees to compensate the depositors. How? who is the loser? The naive tax paying community??

Off late, the Business line reported Bank non-performing assets may go beyond 8% by September 2022. Bad loans of commercial banks in India may rise to between 8.1 and 9.5 per cent under varied degrees of stress by September 2022 from 6.9 per cent in September 2021.

The end result is Non-performing assets of Indian banks grew way beyond destruction.

How could bank be a loss making? Financial institutions cannot be loss making which holds the trust of the public.

The annual reports in publishing media shows a rosy picture of Bank of Baroda, Union Bank and few others with analytical ratios on PAT. Is that the parameters to evaluate the credibility of the bank?

Are the novice investors fooled by the media and the venture capitalists??

The Reserve Bank of India has to evolve in emergency strengthening its circulars and regulations. The number of scandals is a deterrent for them to implement scrupulous measures from crippling its own state.

Or, India would slip off to bondage.

CA. MINI CHANDRAN



# Glimpses

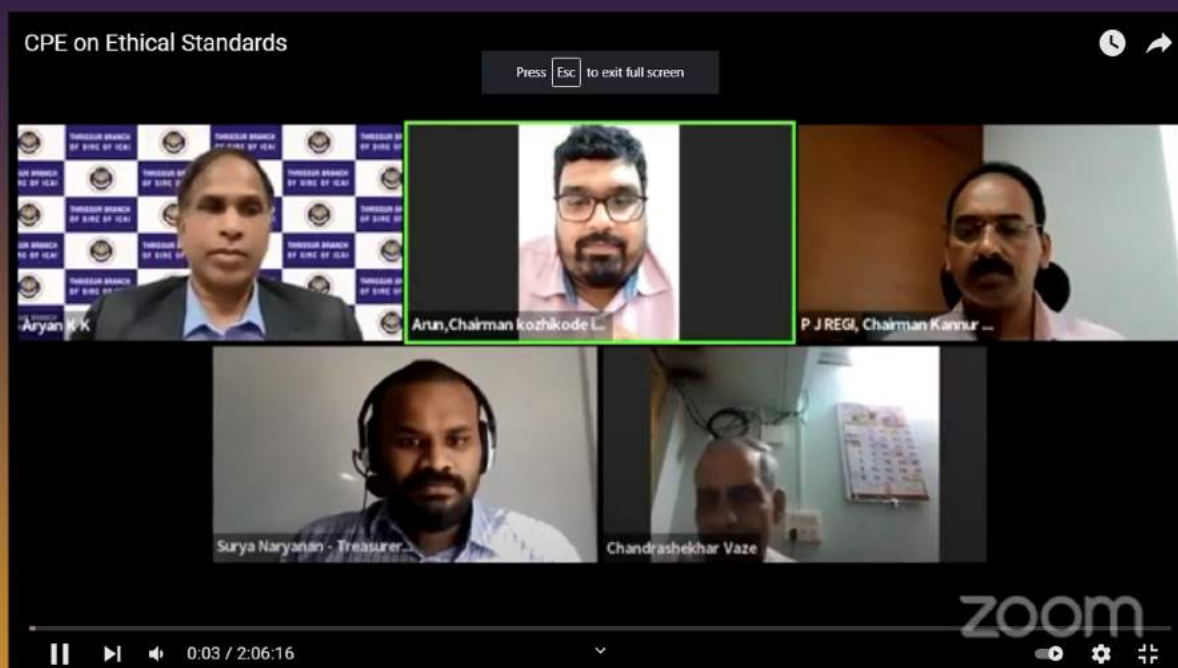


11.12.21

VIRTUAL JOINT CPE WEBINAR ON

EMPOWERING YOUNG MEMBERS TO TREAD THE TURBULENT TIMES

CHIEF GUEST: CA. JALAPATHI K (SIRC CHAIRMAN) FACULTY: CA. G RAMASWAMY (PAST PRESIDENT - ICAI)



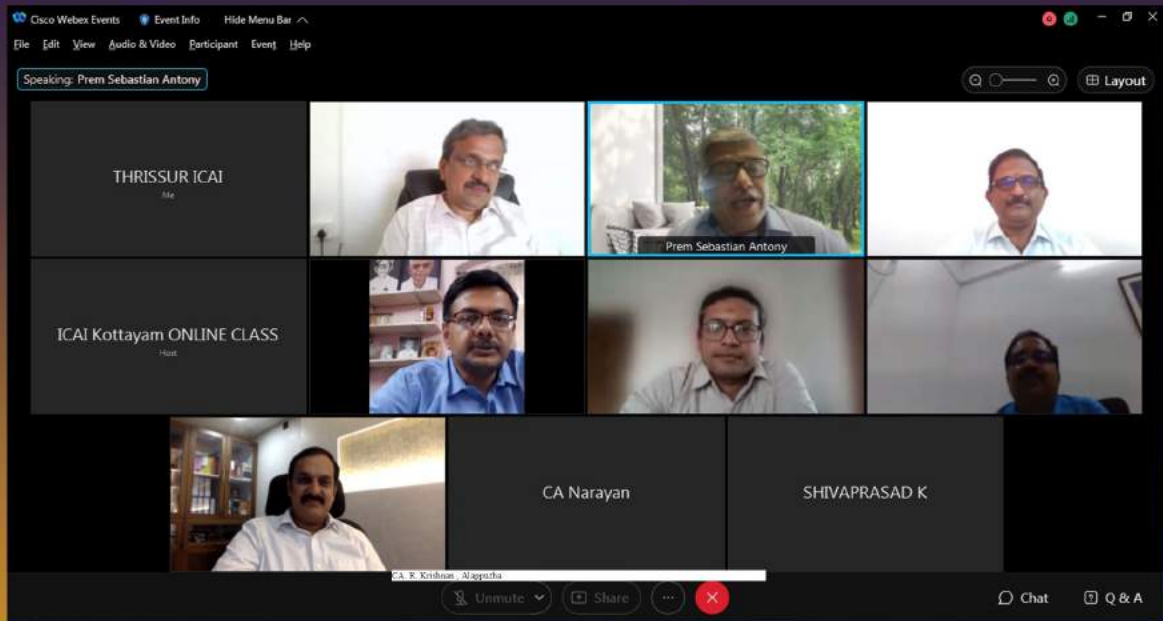
16.12.21

VIRTUAL JOINT CPE WEBINAR ON ETHICS

FACULTY: MR. C N VAZE (MUMBAI)



# Glimpses



21.12.21

**VIRTUAL JOINT CPE WEBINAR ON  
A RINGSIDE VIEW OF STANDARDS ON AUDITING SQC 1, SA 220, SA 240, SA 402, SA 600, SA 610 & 620  
FACULTY: CA. PRASANTH G MENON (THRISSUR)**



18.12.21

**CONDUCTED A FRIENDLY CRICKET MATCH WITH INCOME TAX DEPARTMENT  
AT GOVERNMENT ENGINEERING COLLEGE GROUND – THRISSUR,  
INAUGURATED BY CHIEF GUEST: THE PRINCIPAL CHIEF COMMISSIONER OF INCOME TAX & OTHER OFFICIALS.**



# Glimpses



RECEPTION TO CA. SATHEESAN. P  
THE SIRC ELECT AND PAST CHAIRMAN OF SIRC OF ICAI



MANAGING COMMITTEE MEMBERS  
AND EX OFFICIO MEMBER WITH SIRC ELECT CA. SATHEESAN P.





*Thankyou*



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