

India: Government eases process of e-filing returns using EVC

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In brief

Currently, taxpayers have been using digital signatures for paperless filing or forwarding their Income Tax Return - Verification (ITR-V) to the Income Tax Department after e-filing their income tax return. The Government has now announced an alternate way of paperless e-filing via Electronic Verification Code (EVC). The EVC process will benefit a major portion of the return filing population.

In detail

Who can use an EVC

The EVC mechanism is meant to verify the identity of the person furnishing an income tax return (called the 'verifier'). The verifier can be an individual who is seeking to verify his own return or that of a Hindu Undivided Family of which he is the *Karta* in ITR form no. ITR-1, ITR-2, ITR-2A, ITR-4 or ITR-4S; or any person who is seeking to verify returns filed in form no. ITR-5 or ITR-7.

(Note that ITR-5 or 7 are for use by the following entities: Partnership Firm, Association of Persons (AOP), Body of Individuals (BOI), Artificial Juridical Person (AJP), Co-operative Society or local authority, Trusts and Non-Profit Organizations.)

Features of the EVC

- The EVC is a 10 digit alpha numeric code which is unique for each Permanent Account Number (PAN), and is generated for the purpose of electronic verification of the person on the [e-filing website](#).
- Each EVC can be used to validate only a single return of the taxpayer, irrespective of the year or return filing type (i.e., original or revised.)
- Generally, an EVC is valid for 72 hours.

Modes of generating an EVC

The EVC generation process may vary depending on the risk category of the taxpayer, method of accessing the e-filing website, or interface with third party authenticating entity (like a banking institution). The

various methods to generate the EVC are described below:

1. **Net banking** – Several banks have registered with the Income Tax Department and provide direct access to the e-filing website to a verifier through their internet banking facility. Taxpayers can use this facility if, as primary account holders, their bank accounts have a validated PAN (tax registration number) provided as part of the Know Your Clients (KYC) norms of the banks. After logging into their online bank account, the account holder will choose to be redirected to the e-filing website, where an EVC can be generated. The EVC will be displayed on the screen and also sent to the mobile number registered with the e-filing website, which can then be used to verify the return.

2. Aadhaar number – The Unique Identification Authority of India (UIDAI), upon application and after completion of verification processes, allots a 12 digit Aadhaar number to all individual applicants. A verifier can use the Aadhaar number to get his/her identity verified. A taxpayer using this mode has to provide his/ her Aadhaar number for linking with his/ her PAN on the e-filing website. When this is done, the details such as name, date of birth, etc. in the PAN database are verified with details that the UIDAI has. Upon successful verification, a one-time password (OTP) is generated and sent to the verifier's mobile number registered with the UIDAI, which can be then used to verify his/ her return. This OTP is valid for 10 minutes, or for as long as specified by the UIDAI.
3. Automated teller machine (ATM) – A verifier can generate an EVC through this mode if the verifier's bank is registered with the Income Tax Department. Either a debit/credit card can be used for generation of an EVC. This mode

can be used only at the ATMs of registered banks, where the option to generate an EVC will be made available. Upon selecting this option on the ATM screen, the bank will communicate this request to the e-filing website, which will generate the EVC and send it to the taxpayer's mobile number registered with the e-filing website. This EVC can then be used to verify the return.

4. Registered email and mobile number – A verifier can use the e-filing website to generate an EVC, which will be sent to the registered email id and mobile number of the taxpayer as updated by the verifier on his on-line account on the e-filing website. This mode, however, is only available to those whose total income is Rs. 500,000 or below and where no refund is claimed. This option may be restricted to taxpayers based on other risk criteria that may be determined from time to time.

For more details, one can refer to the 'e-verification of Returns – User Manual' issued by the Income Tax

Department explaining the step-by-step process to generate an EVC using the different modes.

The takeaway

The EVC mechanism is indeed a welcome step and should relieve taxpayers not using digital signatures from the hassles of sending their ITR-V to the Income Tax Department, Bengaluru. The options of validating a tax return using digital signature or by sending the signed copy of the ITR-V to the Income Tax Department within 120 days of uploading the return continue to be available.

Those taxpayers who have already e-filed an income tax return without invoking the EVC process can also use this option to e-verify the acknowledgement through the EVC process, and thus save themselves the effort of sending a signed hard-copy acknowledgement of the ITR-V to the Income Tax Department, Bengaluru.

Let's talk

For a deeper discussion of how this might affect your mobile employees, please contact your regular PwC Global Mobility Services engagement team or one of the following professionals from PwC India:

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