India: Government adds two more modes of generating EVC for paperless return filing

February 2, 2016

In brief

Taxpayers are currently using either digital signature or Electronic Verification Code (EVC) to file a paperless income tax return in India. The EVC could be generated by using Aadhaar Number, Net Banking, ATM, or registered e-mail and the mobile number of the taxpayers.

In order to include more taxpayers under the EVC process, the Central Board of Direct Taxes (CBDT) has recently issued Notification 1/2016, dated January 19, 2016 to include two additional modes of generating the EVC. Now, taxpayers can also use their Bank account or Demat account details to generate the EVC for electronic verification and filing of their paperless income tax return.

In detail

The two, newly added methods of generating the EVC include the following:

Bank account

The e-filing website of the Income tax department will now provide a facility to pre-validate bank account details in the 'profile setting' menu of the e-filing account. The taxpayer will have to provide the bank account number, IFSC code, email ID, and mobile number. These details provided by the taxpayer along with PAN and name under the e-filing database will be validated against the details of the taxpayer registered with the bank. If the pre-validation is successfully completed, the taxpayer can opt for the 'Generate EVC using bank account details' option while verifying the income tax return.

The generated EVC will be sent by the e-filing portal to the taxpayer's email ID and/or mobile number as verified from the bank.

The tax department will also provide the list of banks participating in this facility on the e-filing website.

Demat account

Similar to the process explained above for bank account details, there will also be a facility to pre-validate the Demat account details to the taxpayer under the 'profile settings' menu in the e-filing account. The taxpayer will have to provide the details like Demat account number, email ID and mobile number. The details provided by the taxpayer along with the PAN and name under the e-filing database will be validated against the details of the taxpayer registered with the concerned depository CDSL/NSDL).

Once the pre-validation is successfully completed, the taxpayer can opt for the 'Generate EVC using Demat account details' option while verifying the income tax return.

The generated EVC will be sent by e-filing portal to the email ID and/or mobile number verified from the CDSL/NSDL.

The tax department will also provide the list of depositories (CSDL /NSDL) participating in this facility on the e-filing website.

More information

For more discussion on the EVC process and the other modes of generating the EVC, please refer to our previously published Insight dated July 14, 2015.

The takeaway

Bank account or Demat account based EVC generation is a welcome step as it will make it simpler for taxpayers to file paperless tax returns.

Let's talk

For a deeper discussion of how this issue might affect your business, please contact your Global Mobility Services engagement team or one of the following professionals:

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