

Document Identification Number - Significance in IT Dept.'s Communication

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Introduction: As the Income Tax Authorities engage in various proceedings with taxpayers, traditional paper-based communication has evolved into a digital era. With the majority of communications now generated electronically through the Income Tax Business Application (ITBA) Platform, the need for a more efficient and accountable system became evident. This led to the introduction of the Document Identification Number (DIN), a unique computer-generated code assigned to each communication issued by the Income Tax Department.

Definition and Need of DIN: The DIN is an identification code attached to every communication issued by the Income Tax authorities, including notices, orders, summons, etc. Its introduction was crucial to maintaining a proper audit trail of department records and bringing accountability among the income tax authorities. As part of the E-governance initiative, the ITBA portal was enabled for each PAN/Taxpayer, streamlining communication and proceedings under the Income Tax Act, 1961 ('Act') through the E-assessment Scheme, now fully faceless. To ensure efficient identification and tracking of all communications, the Income Tax Department introduced the DIN. This system streamlines communication, promoting transparency and accountability in tax-related matters, thus enhancing efficiency.

Implementation of DIN: Initially introduced through the Finance (No. 2) Act of 2009, DIN became compulsory on October 1, 2010. All communications issued by the Income Tax Department were required to bear a DIN, ensuring validity and eliminating the use of manual communication. The initial applicability was extended to July 1, 2011, to arrange infrastructure nationwide. However, the same was repealed by the Finance Act of 2011 due to practical challenges and insufficient infrastructure.

However, later DIN was reintroduced through the [CBDT Circular No. 19/2019 dated August 14, 2019](#). Presently, there are no specific provisions for DIN under the Act; instead, its implementation is governed by the CBDT Circular under the authority of Section 119 of the Income Tax Act.

Circular No. 19/2019 dt. August 14, 2019: According to this Circular no communication shall be issued by any income tax authority on or after 01.10.2019 without mandatory allotment of computer-generated DIN and mentioning the same in the Body of that communication. Any communication, being notice, order, or any other correspondence, issued without DIN shall be rendered as invalid and shall be deemed to have never been issued.

Nevertheless, the aforementioned CBDT Circular does outline certain exceptional circumstances where the income tax department can issue communication without quoting DIN, as stated below:

Exceptional circumstances:

- (i) Technical Difficulty in generating/allotting/quoting DIN;
- (ii) Income Tax Authority, while discharging an official duty, is outside its office;
- (iii) Delay in PAN migration and PAN is with Non-Jurisdictional AO;
- (iv) PAN of the assessee is not available and proceedings, other than verification under section 131 & 133 of ITA, is to be initiated;
- (v) Functionality to issue communication not available in the system

Procedure to be followed for issuing communication without DIN in such exceptional circumstances:

The aforesaid exceptions for issuing manual communication without quoting DIN are subject to certain mandatory conditions to be met as listed below:

- (a) Reason for such issuance has been recorded in writing, and
- (b) Prior approval from CCIT/DGIT has been obtained, and
- (c) The communication issued manually without DIN must state:
 - The fact of issuing communication without DIN;
 - Date of approval from CCIT/DGIT; and
 - Specific exceptions leading to the issuance without quoting DIN in the prescribed format.

As per the CBDT Circular, if any communication is issued manually without quoting DIN under clauses (i) (ii), and (iii) of exceptional circumstances stated above, the authority issuing it must regularize it in the following manner:

Regularisation:

- (a) By uploading manual communication on the system within 15 working days of its issuance, and
- (b) Compulsory generation of DIN on the system, and
- (c) Communicating the DIN to the assessee as per electronically generated proforma available on the system.

When manual communication is issued on account of the non-availability of functionality in the system to issue such communication (clause (v) of exceptional circumstances), an intimation shall be sent to Pr. DGIT within 7 days from the date of issue of manual communication.

Having explored the meaning and significance of DIN in issuing communications by the income tax department, as well as its evolution and compulsory implementation, the subsequent section of this article delves into the potential consequences that may arise if the income tax authority fails to strictly adhere to the guidelines established by the CBDT.

Numerous questions arise regarding the validity of communications issued without DIN in contravention of the aforesaid CBDT circular, such as:

- (a) Validity of assessment order/notice passed/issued, without quoting DIN.

- (b) What if an assessing officer not adhered to the instructions laid out by the CBDT in the circular?
- (c) Is it acceptable to communicate the generated DIN through a supplementary letter or intimation, or must it be quoted on the body of the relevant notice or order?
- (d) What if manual order without DIN is regularised by generating DIN after 15 days?
- (e) What impact would it have on proceedings if the relevant notices such as 148 and 143(2) of the Act did not include a mention of DIN?

In specific instances, assessing officers have been found to deviate from the prescribed guidelines outlined in the said circular while issuing assessment orders or notices. As a result, numerous taxpayers have resorted to approaching courts at various levels, leading to several judicial decisions on this matter. Some of the recent judicial precedents are discussed below:

No DIN generated/quoted at all:

Brandix Mauritius Holdings Ltd [\[TS-184-HC-2023\(DEL\)\]](#)

Facts of Case:

The assessment order passed on 15.10.2019 did not bear DIN. The said order did not contain any reason for the same, nor any approval of specified authority as required in para 3 of CBDT Circular No .19 /2019.

The decision of the Court:

- Hon'ble Delhi High Court held that the assessment order passed without quoting DIN was invalid/non-est in accordance with the binding circular issued by the CBDT.
- The Hon'ble court referred to the famous case of *K.P. Varghese v. ITO* [\[TS-11-SC-1981\]](#) for the principle that circulars issued by the CBDT in the exercise of its powers under section 119 of the Act are binding on the revenue.
- It was also held that the act of non-obtaining DIN is a jurisdictional defect, which cannot be considered a trivial mistake, condonable under section 292B of the Act.

DIN generated and quoted in separate intimation (not in order)

Pratap Singh Yadav [\[TS-6013-ITAT-2023\(DELHI\)-OI\]](#)

In this case, the court dealt with the question regarding the validity of the assessment order issued without quoting DIN in it and issuing of DIN through a separate communication after a period of 15 working days.

Hon'ble ITAT relied on Delhi High Court in the case of Brandix (supra) and held as under:

"A perusal of the impugned assessment order makes it clear that in the body of the assessment order the Assessing Officer has neither recorded the reasons for issuing the assessment order manually without DIN nor the date and number of approval of the Chief Commissioner/Director General of Income-tax. The subsequent communication dated 03.02.2022 issued by the Assessing Officer generating DIN of the assessment order cannot make good the deficiency in the assessment order issued without generating DIN, as, the Assessing Officer has failed to adhere to the conditions of paragraph No. 3 of the extant Circular, wherein, it has been specifically mandated that in a case where the Assessing Officer has to issue the communication manually without generating DIN with the prior approval of the CCIT/DGIT, not only he has to record the reasons for doing so in the file, but, he also has to incorporate in the body of such communication the reasons and number and date of approval by the CCIT/DGIT in the specified format."

Dilip Kothari v. Principal Commissioner of Income-tax [\[TS-858-ITAT-2022\(Bang\)\]](#)

Hon'ble Bangalore ITAT dealt with the question of whether an intimation of DIN issued through a separate

letter along with manual order under Section 263 (without DIN) is valid. Whether such intimation can be considered to be part of the order. Assessee challenged the validity of the order stating that the DIN must be quoted on the body of the order and not through a separate intimation.

It was held that:

"In assessee's case there is no dispute about the fact that the impugned order under Section 263 of the Act has been issued manually. It is also noticed that the DIN for the order is generated through two separate intimations one bearing the same date as the date of the order under Section 263 and the other is dated 25-3-2022. The argument of the Id DR that the intimation dated 24-3-2022 is part of the order and that there is no violation cannot be accepted as generating the DIN by separate intimation is allowed to be done to regularise the manual order (Para 5 of the circular) provided the manual order is issued in accordance with the procedure as contained in Para 3. On perusal of the order under Section 263, it is noted that the order neither contains the DIN in the body of the order, nor contains the fact in the specific format as stated in Para 3 that the communication is issued manually without a DIN after obtaining the necessary approvals. Therefore, we are of considered view that the impugned order is not in conformity with Para 2 and Para 3 of the CBDT circular."

DIN not quoted in notice under Section 148/143(2) etc:

In addition to understanding the consequences of non-quoting of DIN in assessment orders, it is equally crucial to be aware of the implications when DIN is not mentioned in significant notices, such as those issued under sections 148 and 143(2) of the Act.

Recently **Hon'ble High Court of Delhi in the case of** [Parveen Devi vs Income Tax Officer](#) has stayed the reassessment proceedings under section till further notice for the reason that the notice issued under Section 148 of the Act does not bear the Document Identification.

What if the assessee does not challenge the notice without DIN?

One more question arises, what if the assessee does not object to the validity of relevant notices issued under Section 148 or 143(2) of the Act, without DIN, during the course of assessment proceedings? Whether the assessee is precluded from raising the objection against the same, at a later stage, by virtue of Section 292BB of the Act?

One possible view is that the language of Section 292BB of the Act suggests that it pertains to the service, rather than the issuance, of notice. Hence, the objection concerning the validity of issuing a notice without DIN should not be encompassed by Section 292BB and can be raised at a later stage as well.

Conclusion: The implementation of Document Identification Numbers in income tax communications has significantly transformed the department's operations, promoting transparency and accountability. Strict adherence to DIN guidelines is essential to ensure the validity of communications and avoid legal complexities. Taxpayers and tax authorities alike must embrace this digital advancement to create a more efficient and effective income tax ecosystem.

Disclaimer:

The above summary note is based on CBDT circular No. 19/2019 dated August 14, 2019, regarding DIN and the interpretation of recent judicial precedents related thereto. While the information is believed to be accurate, we make no representations or warranties, express or implied, as to the accuracy or completeness of it. Readers should conduct and rely upon their own examination and analysis and are advised to seek their own professional advice. This note is not an offer, advice, or solicitation. We accept no responsibility for any errors it may contain, whether caused by negligence or otherwise, or for any loss, howsoever caused or sustained, by the person who relies upon it.