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CRITICAL ANALYSIS OF FACELESS ASSESSMENT AND ADJUDICATION SYSTEMS UNDER INCOME TAX: NEED TO REIMAGINE THE PRINCIPLES OF NATURAL JUSTICE

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I. ABSTRACT

Digitisation and the use of artificial intelligence in tax administration have brought immense benefits to both the assesseees and the government: ease of compliance for the former and reduced collection and enforcement costs for the latter. At the same time, they have raised significant concerns about the changing paradigm in adjudicatory jurisprudence. The principles of natural justice and fair play have evolved through the judiciary to protect individuals from arbitrary state action and to ensure equity, reasonableness, and fairness in all spheres of state action. The safeguards that had evolved for ensuring procedural due process were based on traditional adversarial adjudication, which was premised on the physical adjudication process. E-Adjudication is a shift in legal processes from the physical to the virtual realm, changing the nature of the relationship between the parties to the dispute. This presents a compelling case for re-examining the principles of natural justice, considering the evolving nature of the digital adjudicatory system, to achieve a fair, transparent, efficient, and participatory system. The conflict between the new paradigm and traditional principles is best exemplified in direct tax adjudication under schemes such as faceless assessment and faceless appeals schemes. This article examines the points of contestation between faceless adjudication and the principles of natural justice. It maps the legal framework of faceless adjudication and its significant departures from traditional adjudication. It further examines the discord between the principles of natural justice and the faceless adjudication schemes in matters of notice, evidence, legal representation, and hearings. Finally, the article makes observations about the evolving nature of the digitised adjudication framework and the challenges it poses to traditional principles of natural justice.

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II. KEYWORDS

Digital tax adjudication, faceless adjudication, transparency and accountability, principles of natural justice, algorithmic accountability.

III. INTRODUCTION

The faceless assessment scheme, launched in 2019, and the faceless appeals scheme, launched in 2021, were introduced with the objective of bringing 'greater efficiency, transparency and accountability in the tax administration process.'² The Indian tax administration has been at the forefront of the government's digitisation efforts through the adoption of new technological innovations. The increased adoption of technology within the tax administration process has been a mutually beneficial proposition for both taxpayers and the revenue, as it eases compliance for the former and reduces the cost of collection and enforcement for the latter.³ The government has increased its focus on the adoption of technology in tax administration to improve the efficiency and effectiveness of tax collection and enforcement, both at the ex-ante and ex-post stages, with improved information collection and analytics. The tax authorities have introduced artificial intelligence systems to detect and report tax discrepancies and evasion risks, using behavioural approaches such as NUDGE (*Non-intrusive Use of Data to Guide and Enable*).⁴

The digital transformation of administrative and adjudicatory processes has brought about immense changes in the paradigm of public policy and governance, improving governance standards and efficiency. Driven by the need to improve processes, reduce corruption, human bias, and rent-seeking in the administration, governments around the globe are systematically transitioning to technology-mediated systems from traditional human-led systems.⁵ In India, digital public governance is given immense

² Rajya Sabha Secretariat, 'Rajya Sabha Questions'

<https://sansad.in/getFile/annex/263/AU382.pdf?source=pqars> accessed 2 May 2026.

³ Agamyaa Methei, 'A Perspective on the Impact of Digitalization of Tax Administration' (2024) 11(4) Journal of Studies in Dynamics and Change 1

<https://jsdconline.com/journal/jsdc/index.php/home/article/view/110> accessed 2 May 2026.

⁴ Government of India, Ministry of Finance, Department of Economic Affairs, Economic Survey 2025-26 (2026) <https://www.indiabudget.gov.in/economicsurvey/> accessed 2 May 2026.

⁵ Jiaqian Chen, 'Testing and Implementing Digital Tax Administration' in Sanjeev Gupta, Michael Keen, Alpa Shah and Genevieve Verdier (eds), *Digital Revolutions in Public Finance* (International

thrust through schemes such as digital payments, Digital India, Aadhaar, and other e-governance initiatives. Now, the transition to digitalisation has not been confined to the digitalisation of records and forms, but also to administrative and legal processes. The government is increasingly adopting advanced algorithmic systems, machine learning, big data analytics, natural language processing, predictive analytics, and other large language models to fundamentally change the nature of interactions with the bureaucracy and the citizenry. These systems have increasingly made inroads into administrative decision-making and adjudication processes in helping administrators make decisions. Income Tax is one of the foremost areas where the administration has aggressively introduced digitalisation and artificial intelligence systems, particularly through the faceless assessment and appeals scheme, which is India's model e-adjudicatory system.

While the introduction of technological innovations into public governance brings modernisation and improves its efficacy, they also introduce new challenges to traditional legal doctrines and principles. The traditional legal principles and adjudicatory regulation have evolved to regulate human-to-human interactions. Still, their adaptability to regulating technology-mediated interactions has been the subject of debate and is increasingly becoming relevant as we move towards an artificial intelligence-based decision-making process.

The tax administration, whether performing its duty in an administrative capacity or as a quasi-judicial authority, when the rights of taxpayers are subject to determination, has a duty to act fairly and judicially.⁶ The two pillars of principles of natural justice, consisting of *audi alteram partem* (hear the other side) and *nemo iudex in causa sua* (no person shall be a judge in their own case), with the modern expanded principle of reasoned decisions, protect the rights of taxpayers against arbitrary tax adjudication.⁷ But in the new technological-mediated system, the application of three traditional principles of natural justice poses challenges, as the assumptions underlying those

Monetary Fund 2017)

<https://www.elibrary.imf.org/display/book/9781484315224/9781484315224.xml> accessed 2 May 2026.

⁶ *Swadeshi Cotton Mills Co Ltd v Union of India* (1981) 1 SCC 664 (SC).

⁷ *State of Uttar Pradesh v Sheo Shanker Lal Srivastava* (2006) 3 SCC 276 (SC).

principles no longer adequately protect taxpayers' rights, or they produce friction in the adoption of these technologically mediated systems. The article discusses how the rights under principles of natural justice, such as the right to a hearing, the right to cross-examination, etc., evolved out of the traditional adjudicatory framework, where their application to the new technological mediated system is impossible or impractical, for instance, the cross-examination of data output of an artificial intelligence model is not possible as we cross-examine a witness.

The article argues that the faceless adjudication framework within the current structural and policy architecture is dysfunctional because the courts and the revenue administration lack an agreed-upon common interpretive framework for the new technology-mediated adjudicatory system. Section II describes the statutory and administrative framework governing the faceless adjudication process. Given the nature of the tax assessment and adjudication framework, section III analyses the application of principles of natural justice in its processes. Proceeding from various rights under principles of natural justice in an adjudicatory process, Section IV explores the points of conflict between the faceless assessment and adjudication system and the principles of natural justice and then examines how the judiciary responds to these dissonances. And finally, Section V concludes by identifying a suggestive interpretative framework for reimagining the principles of natural justice to adapt to the era of technologically mediated systems and artificial intelligence in decision-making.

A. Research Objectives

1. To examine the statutory and regulatory framework governing faceless assessment and adjudication under the Income Tax Department and the proposed Income Tax Act, 2025.
2. To analyse whether technology-driven adjudicatory mechanisms comply with the principles of natural justice, including the right to notice, hearing, and reasoned decision-making.
3. To identify doctrinal and constitutional concerns arising from the use of algorithmic and automated decision-making in tax administration.

4. To propose legal and institutional reforms to ensure transparency, accountability, and procedural fairness in faceless adjudication systems.

B. Research Questions

1. What is the legal framework governing faceless assessment and adjudication in India's tax administration?
2. To what extent does faceless adjudication conform to the principles of natural justice and due process?
3. What constitutional and administrative law concerns arise from the increasing reliance on automated and algorithm-assisted decision-making?
4. What reforms are necessary to strengthen transparency, explainability, and accountability within the proposed Income Tax Act, 2025?

C. Research Methodology

This study adopts a doctrinal and analytical research methodology. It examines primary legal sources, including statutes, delegated legislation, circulars, and judicial decisions of the Supreme Court of India and various High Courts, together with relevant academic commentary. The research analyses the legal validity of faceless adjudication by applying principles of constitutional law, administrative law, and natural justice, and evaluates comparative and policy-based reforms concerning algorithmic accountability and procedural fairness.

IV. LEGAL AND STRUCTURAL FRAMEWORK OF FACELESS ASSESSMENT AND ADJUDICATION UNDER INCOME TAX IN INDIA

Use of technology in Income Tax administration has come a long way since the transition from paper-based return filing to computer-based systems in the 1980's.⁸ The Indian Income Tax system has been undergoing a digital transformation since 1981, beginning with the introduction of computerised electronic processing of e-tax

⁸ Press Information Bureau, 'Income Tax Day, 2025: A Journey of Digital Transformation' (24 July 2025) <https://www.pib.gov.in/PressNoteDetails.aspx?NoteId=154926&ModuleId=3> accessed 2 May 2026.

challans and later, a centralised processing system in 2001.⁹ The faceless assessment scheme, then known as the e-assessment scheme, began as a pilot project in five major cities and was later expanded to two more cities. Subsequently, with the enactment of the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020, the e-assessment scheme was given statutory status. The Income Tax system has made a significant qualitative leap in the automation and digitisation of tax adjudication processes.¹⁰ The processes of digitisation and automation are aimed at reforming the interface between taxpayers and tax officers to reduce corruption and increase compliance. The objective of the scheme launched under the initiative “Transparent Taxation - Honouring the Honest” platform is to fundamentally redefine the tax compliance system to reduce the number of touchpoints between taxpayers and tax officers, thereby mitigating opportunities for rent-seeking.¹¹

The faceless assessment mechanism derives its statutory authority from Section 273 of the Income Tax Act, 2025 (hereinafter “the 2025 Act”), which came into effect on 1st April 2026 and replaced the earlier Section 144B of the Income Tax Act, 1961 (hereinafter “the 1961 Act”). The assessment process under Section 144B of the 1961 Act continues to apply to all pending cases and any legacy disputes arising out of assessments for periods before 1st April 2026.¹²

The faceless assessment regime operates within a distributed, modular, and team-based institutional adjudication system, wherein software protocols mediate distinct operations teams. The regime comprises the National Faceless Assessment Centre (NaFAC), the centralised body, aided by the Regional Faceless Assessment Centres (ReFACs), and Specialised Units comprising Assessment Units, Technical Units, Verification Units, and Review Units. NaFAC acts as the centralised interface for all

⁹ Press Information Bureau, Government of India, ‘Celebrating Income Tax Day 2024: A Journey of Transformation’ (Press Note, 23 July 2024)

<https://www.pib.gov.in/PressNoteDetails.aspx?NoteId=151949> accessed 2 May 2026.

¹⁰ Anudeep Turaga, ‘Unmasking Faceless Assessment Orders: An In-Depth Legal Analysis’ (Centre for Tax Laws Blog, 14 October 2023) <https://ctl.nalsar.ac.in/unmasking-faceless-assessment-orders-an-in-depth-legal-analysis/> accessed 16 March 2026.

¹¹ Press Information Bureau, ‘Income Tax Day, 2025: A Journey of Digital Transformation’ (24 July 2025) <https://www.pib.gov.in/PressNoteDetails.aspx?NoteId=154926&ModuleId=3> accessed 16 March 2026.

¹² Income-tax Act 2025, s 536.

communication between the taxpayer and the revenue, supported by ReFACs for analytical and technical works. An automated, randomised process is used to distribute work allocations among the specialised units.¹³ Assessment units' primary task is to identify legal issues by seeking information from taxpayers and to initiate and draft the initial draft assessment order. Verification units are used to authenticate evidence and record digital statements. Review units conduct a comprehensive factual, documentary, and legal audit of the draft assessment order before its finalisation.¹⁴

The appeals from assessment orders lie before the Commissioner (Appeals). Under the Income Tax Act, 2025, the provisions governing first appeals are contained in Sections 356 to 360. The power to prescribe the procedure for disposal of appeals, including the conduct of such proceedings through a faceless scheme, is traceable to the provision dealing with procedure in appeal, namely Section 359 of the 2025 Act, which corresponds to Section 250 of the Income-tax Act, 1961. This statutory framework succeeds the earlier enabling provision contained in Section 250(6B) of the 1961 Act, under which the Central Government introduced the Faceless Appeal Scheme, 2020, later superseded by the Faceless Appeal Scheme, 2021.¹⁵

V. APPLICATION AND IMPORTANCE OF PRINCIPLES OF NATURAL JUSTICE IN TAX ASSESSMENT AND ADJUDICATION

Proceedings under the Income Tax for assessment and appeals carry civil consequences such as the imposition of tax liabilities, penalties, interest, or other dues payable on taxpayers. The Supreme Court has held in *Suraj Mall Mohta and Co. v. A.V. Visvanatha Sastri* that the proceedings before the Income tax officers are "judicial

¹³ Press Information Bureau, Government of India, 'Faceless Assessment Scheme' (Press Release, 3 August 2020) <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1643250> accessed 2 May 2026.

¹⁴ KPMG, Faceless Assessment and Appeals Scheme: A Step Towards Greater Transparency and Accountability (October 2020) <https://assets.kpmg.com/content/dam/kpmgsites/in/pdf/2020/12/faceless-assessment-and-appeals-scheme.pdf> accessed 2 May 2026.

¹⁵ Central Board of Direct Taxes, Government of India, Faceless Appeal Scheme, 2021 <https://www.incometaxindia.gov.in/faceless-appeal-scheme-2021> accessed 2 May 2026.

proceedings and all the incidents of such judicial proceedings” are to be observed.¹⁶ Section 257 of the 2025 Act (equivalent to Section 136 of the 1961 Act) declares that proceedings before the Income Tax officers are judicial proceedings. However, the section has a limited scope and specific applicability, yet it connotes the nature of the proceedings. The tax assessment and appeals before tax authorities are quasi-judicial proceedings in which the authorities have a duty to act judicially.¹⁷ The observation of K.S. Hegde in *A K Kraipak v Union of India*¹⁸ is pertinent here:

“The dividing line between an administrative power and a quasi-judicial power is quite thin and is being gradually obliterated. ... the concept of quasi-judicial power has been undergoing a radical change; what was considered as an administrative power some years back is now being considered as a quasi-judicial power.”¹⁹

While the principles of natural justice are not codified in law, they are constitutionalised by judicial interpretation of Articles 14 and 21. The constitutional status of the rights, based on principles of natural justice, is well entrenched in Indian jurisprudence through judicial interpretation by the courts in a number of cases, including the landmark cases such as *Maneka Gandhi v. Union of India*.²⁰ The Supreme Court had observed that “...The principles of natural justice must be read into the unoccupied interstices of the statute unless there is a clear mandate to the contrary.”²¹ The principles of natural justice rest on two main principles of *audi alteram partem* (hear the other side) and *nemo judex in causa sua* (no person shall be a judge in their own case), which have been held to emanate from the rule of law and not just a common law import.²² Both these principles rest on a fundamental conception of procedural justice that ‘Justice should not only be done, but also seem

¹⁶ *Suraj Mall Mohta and Co v A V Visvanatha Sastri* [1955] 1 SCR 448 (SC).

¹⁷ *State of Kerala v K T Shaduli Grocery Dealer* [1977] 3 SCR 233 (SC); *Jaswant Sugar Mills Ltd v Lakshmi Chand and Others* [1963] Supp 1 SCR 242 (SC).

¹⁸ *A K Kraipak v Union of India* (1969) 1 SCC 457 (SC).

¹⁹ *Ibid.*

²⁰ *Maneka Gandhi v Union of India* (1978) 1 SCC 248 (SC).

²¹ *Institute of Chartered Accountants of India v L K Ratna* (1986) 4 SCC 537 (SC).

²² *Dharampal Satyapal Ltd v Deputy Commissioner of Central Excise* (2015) 8 SCC 519 (SC).

to be done.’²³ The principles of natural justice are also called ‘fair play in action’; their objective is to ensure fairness in state action and serve as a tool against arbitrariness.²⁴

The contents of the principles of natural justice cannot be put in a ‘straitjacket’, and they vary on a case-by-case basis.²⁵ As observed by the Supreme Court in *Swadeshi Cotton Mills Co Ltd v Union of India*, “...Rules of natural justice are not embodied rules. Being means to an end, not an end in themselves; it is not possible to make an exhaustive catalogue of such rules.”²⁶

The first principle, *audi alteram partem*, is a bundle of procedural rights aimed at making the decision-making procedure fair and reasonable, and includes the right to notice,²⁷ the right to rebut adverse evidence,²⁸ the right to cross-examination,²⁹ and the right to a reasoned decision.³⁰

The second principle of *nemo iudex in causa sua* requires the decision maker to be free from bias of any kind, whether pecuniary, institutional, or personal.³¹

VI. POINTS OF CONFLICT BETWEEN PRINCIPLES OF NATURAL JUSTICE AND THE FACELESS SCHEME

A. Right to Personal Hearing in Faceless Proceedings

One of the principal areas of conflict in the new adjudicatory framework is the right of effective personal hearing. The faceless assessment and appeals scheme propose to effectively eliminate any personal interactions between taxpayers and tax authorities. Thus, this right strikes at the heart of the new framework, where personal hearing has become discretionary. The Supreme Court in the case involving whether there is a necessity to provide a hearing involving interpretation of Section 206-C of the 1961 Act, on giving a personal hearing, observed that, “...It is trite law that when an order

²³ Gullapalli Nageswara Rao v State of Andhra Pradesh [1960] 1 SCR 580 (SC).

²⁴ Union of India v Mohan Lal Capoor (1973) 2 SCC 836 (SC).

²⁵ Union of India and another v P K Roy and others [1968] 2 SCR 186 (SC).

²⁶ Swadeshi Cotton Mills Co Ltd v Union of India (1981) 1 SCC 664 (SC).

²⁷ Vansda Taluka Kelavani Mandal v Commissioner of Income Tax (Exemption) (Income Tax Appellate Tribunal, Surat Bench) [2020] Online ITAT 2872.

²⁸ Union of India v Tulsiram Patel (1985) 3 SCC 398 (SC).

²⁹ Ayaubkhan Noorkhan Pathan v State of Maharashtra (2012) 8 SCC 465 (SC).

³⁰ Manohar v State of Maharashtra (2012) 12 SCC 685 (SC).

³¹ Union of India v B N Jha (2003) 4 SCC 531 (SC).

entails adverse civil consequences or is prejudicial to the person concerned, it is essential that principles of natural justice are followed.”³²

One of the important principles of natural justice is the right to a hearing. On the question of whether a request for a personal hearing is mandatory, the courts have held that the right to a personal hearing is an essential facet of the constitutional principles under Article 14 and the principles of natural justice. In a catena of cases, the courts have stayed the operation of assessments and ruled that a personal hearing is essential and cannot be eclipsed by arbitrary administrative discretion.³³

B. Adequacy of Notice and Timeline Constraints

Another critical area of conflict between the new adjudicatory framework and the traditional principle of natural justice concerns the issuance of notices and show-cause notices. One of the primary principles of natural justice, “Audi alteram partem,” mandates that the affected party be afforded the opportunity of effective defence. For the affected party to put forward an effective defence, he must be given full facts, information, and details of the case. Notice is not only an essential element of audi alteram partem, but adequate notice is essential for taxpayers to make adequate representation before the authorities. The question of the adequacy of notice and time provided to respond to the notice in the digital ecosystem presents socio-economic and practical issues.

Technological systems are highly prioritised for timeliness but may lack local sensitivity, awareness, and flexibility of discretion in specialised cases, which are impossible within centralised, uniform decision-making systems. The requirement of adequate and reasonable time for the affected party is an important principle of traditional natural justice, and its application in a digitalised system poses a problem, as decisions are based on predetermined formulas or inputs. In *Antony Alphonse Kevin Alphonse v. ITO*, the Madras High Court held that in a case where the petitioner was

³² Excise Commissioner, Karnataka v Mysore Sales International Ltd (2024) 466 ITR 205 (SC); 2024 INSC 484.

³³ Lemon Tree Hotels Ltd v National Faceless Assessment Centre 2022 SCC OnLine Del 3775, Bharat Aluminium Company Ltd v Union of India 2022 SCC OnLine Del 3107, Tyger Capital Pvt Ltd v Assessment Unit, Income Tax Department (2025) Gujarat HC, R/SCA/5879/2025, order dated 29 July 2025.

afforded only 24 hours to file a comprehensive reply to a complex draft assessment order, it was a violation of principles of natural justice.³⁴

The Orissa High Court, taking cognisance of the technological constraints of the Income Tax portal, has held that taxpayers have the right to submit evidence; the constraints of the timeline, server downtime, and severe file-size limits cannot be used as administrative limits on such a constitutional right.³⁵

C. Legal Representation in Faceless Proceedings

The right to be represented by an authorised representative, including an advocate or chartered accountant, remains an important procedural safeguard in tax adjudication and forms part of the broader guarantee of a fair hearing. The Income Tax Act, 2025 preserves the statutory right of taxpayers to act through authorised representatives in assessment and appellate proceedings. However, the faceless framework substantially alters the practical exercise of this right. In the traditional system, representatives could engage directly with assessing officers, clarify factual ambiguities, and respond to concerns in real time. In a faceless and anonymised environment, representation is confined primarily to written submissions and document uploads through the electronic portal, with oral advocacy available only when a personal hearing is granted.

This structural limitation may reduce the effectiveness of professional representation, particularly in complex matters involving extensive records, interpretative disputes, or urgent clarifications. The absence of direct interaction can impede counsel from addressing misconceptions at the formative stage of decision-making and may weaken the taxpayer's ability to present a complete and nuanced defence. Accordingly, the right to legal representation in faceless proceedings should be understood not merely as a formal entitlement to appoint an authorised representative, but as a substantive right to effective professional assistance within a procedurally meaningful adjudicatory process.

³⁴ Antony Alphonse Kevin Alphonse v Income Tax Officer (2021) 435 ITR 735 (Mad).

³⁵ Ashok Kumar Meher v Central Board of Direct Taxes W.P.(C) No 11141 of 2025 (Orissa High Court, 16 May 2025).

D. Team-Based Decision-Making and Accountability Deficit

Team-based decision-making within a faceless scheme dilutes not only the jurisdictional principles of the administrative process and the associated checks, but also the responsibilities of decision-making. The responsibility for flawed or false decision-making rests not on a single officer; hence, it creates an accountability deficit in the system. The multilayered digital architecture diffuses the responsibility and accountability in the decision-making process.³⁶

E. Algorithmic Opacity and AI Bias in Tax Administration

The adoption of artificial intelligence for analysis and decision-making has become a growing area of concern, as it affects taxpayers' rights. Tax authorities have been increasingly collecting vast amounts of personal information from taxpayers, raising concerns about taxpayers' rights.

But in the case of automated decision-making systems, the reasons remain opaque because their core statistical heuristics, internal data weightings, and predictive pattern-matching capabilities operate outside human review. Systemic opacity created by the use of a technologically mediated framework in decision-making subverts the principles of natural justice. Algorithmic opacity creates an information asymmetry and can hide undue weight given to parameters irrelevant to the case.

Algorithms are often perceived as neutral and objective in decision-making and are considered technologically infallible. But in reality, algorithmic tools and AI systems do possess historical design biases, socio-economic assumptions and limitations of the human designer of these systems. AI systems are trained in historical datasets and databases, which in themselves could potentially contain institutional and socio-economic biases of the societies. When an assessing officer relies on such AI systems for risk profiling and red-flagging assessments or transactions without fully applying their independent mind, they abdicate their duty, and the principles of natural justice need to address these issues.

³⁶ MetaLegal Research Team, 'Challenges in Implementing Faceless Assessment under the Income-tax Act, 1961' (MetaLegal Blog, 20 September 2023) <https://www.metalegal.in/post/challenges-in-implementing-faceless-assessment-under-the-income-tax-act-1961> accessed 16 March 2026.

VII. SUGGESTIONS AND RECOMMENDATIONS

- 1. Statutory Recognition of Digital Due Process:** The Income Tax Act, 2025 should expressly codify procedural safeguards applicable to faceless assessment and appellate proceedings, including minimum response periods, mandatory disclosure of all material relied upon, and a clear statutory right to personal hearing where adverse civil consequences are likely to arise.
- 2. Guaranteed and Meaningful Personal Hearings:** Personal hearings through video conferencing should be granted as a matter of right upon request in all complex or high stakes matters, rather than being left to administrative discretion. Detailed hearing protocols should ensure that oral submissions are properly recorded and considered in the final order.
- 3. Strengthening Effective Legal Representation:** Taxpayers should be enabled to participate through authorised representatives, including advocates and chartered accountants, with secure digital access to case records, hearing schedules, and communication logs. The electronic platform should be designed to facilitate effective professional representation rather than merely formal submission of documents.
- 4. Reasonable Notice and Flexible Timelines:** The system should prescribe adequate and proportionate time for responding to show-cause notices and draft assessment orders. Portal-related difficulties, server downtime, and file-size restrictions should automatically trigger extensions to safeguard the taxpayer's right to make a complete defence.
- 5. Clear Accountability within Team-Based Decision-Making:** Every assessment and appellate order should identify the officers and units materially involved in the decision-making process. This would reduce institutional opacity and ensure that responsibility for legal and factual errors can be meaningfully traced.
- 6. Algorithmic Transparency and Explainability:** Where artificial intelligence or risk-profiling tools are used to select cases or influence outcomes, taxpayers should have a right to receive intelligible explanations regarding the factors and logic that materially affected the decision.

7. **Independent Audit of Automated Systems:** The Central Board of Direct Taxes should establish periodic independent audits of algorithmic tools to detect bias, inaccurate data usage, and disproportionate impacts on taxpayers. Summarised audit findings should be published to strengthen public confidence.
8. **Human-in-the-Loop Safeguards:** No adverse assessment or appellate order should be based solely on automated recommendations. A designated officer should be required to independently evaluate the facts and record reasons demonstrating the application of an independent mind.

VIII. CONCLUSION

The rapid, unrelenting transition of the Indian administrative state from traditional, human-led adjudication to complex, technologically mediated systems is most prominently exemplified by the faceless assessment and adjudicatory mechanism in direct tax administration, which represents a pivotal, irreversible moment in the evolution of legal governance. While the state's pursuit of scale, unparalleled efficiency, and the complete eradication of territorial corruption is a highly legitimate and necessary aim, the automation of justice carries profound, inherent constitutional perils. The Indian judiciary has commendably stepped into the breach, actively utilising its expansive writ jurisdiction to strike down mechanised assessments that flout the foundational tenets of natural justice. However, a predominantly reactive jurisprudence is insufficient to govern the complex, opaque future of AI-driven administration.³⁷

To guarantee that judicial review remains an effective, structural check on emerging technological reforms, the judiciary must systematically pivot from the antiquated *Wednesbury* standard of unreasonableness toward a robust framework of structured proportionality and Algorithmic Constitutionalism.³⁸ By formally embedding an

³⁷ Varun J Jangali, 'Principles of Natural Justice in Algorithmic and Automated Decision-making' (2025) 8(1) Indian Journal of Law and Legal Research

³⁸ Amrita Anand, Mallika SK and Rency Charles, 'From *Wednesbury* to Proportionality: Rethinking Judicial Review Standards for AI-Assisted Administrative Action in India' (2025) 8(1) Indian Journal of Law and Legal Research.

"Algorithmic Accountability Doctrine" into the fabric of administrative law, the courts can ensure that the three fundamental pillars of natural justice, *audi alteram partem*, *nemo judex in causa sua*, and reasoned decision-making – are not merely preserved, but dynamically translated into modern mandates for Explainable AI, meaningful Human-in-the-Loop oversight, and proactive algorithmic auditing.³⁹ Only through this deliberate, forward-looking doctrinal recalibration can the state harness the immense, transformative potential of digital adjudication without sacrificing the enduring, humanising principles of fairness, transparency, and justice that underpin a democratic society.

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