

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:6931
ANSWERED ON:07.05.2010
IT REFUNDS
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Will the Minister of FINANCE be pleased to state:

- (a) the stipulated time period for issue of Income Tax refund;
- (b) whether cases of delay take place;
- (c) if so, the details thereof and reasons therefor for the last three years, year-wise;and
- (d) the action taken for prompt settlement of refund claims?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI S.S. PALANIMANICKAM)

(a) Processing of returns and issuance of refund is a continuous process in the Income Tax Department. Statutory time limit to process returns of income is with reference to their receipt in the Financial Year. According to provision of Income Tax Act, 1961, the return received during the Financial Year 2009-10 can be processed upto 31st March, 2011.

(b) & (c) Normally, after receipt of return the processing of returns and issuance of refund (if due) are done in due course. No specific yearwise data is maintained centrally on the difficulties in processing of return or issue of refunds. However difficulties faced are primarily due to following reasons:-

i) Wrong quoting of PAN by the assessee in the return of income, illegible recording of address in the return of income by the assessee, non-reporting of the new/ altered address by the assessee to the AO, incorrect particulars about the bank account.

ii) Difficulty in allowing credit of taxes paid/deducted at source due to data mismatch.

iii) Technical constraints like link failure, system overload and loss of V-SAT connectivity in remote areas.

(d) For the prompt issuance of refund claims the Income Tax Department has taken the following measures:

(i) The department has set up Centralized Processing Centre (CPC) in Bangaluru for bulk processing of Income Tax Returns. Two other CPCs are proposed to be set up.

(ii) Mandatory computerized processing of returns.

(iii) Introduction of e-filing of return for speedy processing.

(iv) Through Citizen's Charter and other press releases issued by the department, tax payers are requested to carefully mention the relevant particulars in return of income, more so about common deficiencies mentioned above.

(v) To achieve compliance of the reporting of PAN, a new Section 206AA has been inserted by Finance (No.2) Act, 2009 w.e.f. 01.04.2010 requiring deductees to furnish their PAN to the deductors, failing which rate of deduction of tax shall be at higher rate.