

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3289
ANSWERED ON:13.08.2010
CASES OF INCOME TAX REFUND
Singh Shri Ratan

Will the Minister of FINANCE be pleased to state:

- (a) whether time periods for disposal of refund of income tax has been fixed;
- (b) if so, the details thereof;
- (c) the details of cases of refund of income tax still pending with the Income Tax Authorities for more than the fixed time period alongwith reasons therefor;
- (d) whether accountability for not disposing off such cases is fixed at the Income Tax Ward level and the delinquent income tax officers are punished;
- (e) if so, the details thereof; and
- (f) the steps taken or proposed to be taken to expedite the pending cases?

Answer

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

(a) & (b): 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 the Financial Year of their receipt. As per the Income Tax Act, 1961, the returns received during the Financial Year 2009-10 can be processed up to 31-03-2011.

(c): Normally, after processing the return, the refund generated is issued in due course. However, at times delays may be caused due to following reasons:-

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

(d) to (f): The actions of the Assessing Officers are monitored regularly by the administrative hierarchy. Her/his actions are also subject to Revenue as well as Internal Audit Systems. The Income Tax Department also has in place a Grievance Redressal Mechanism through which an assessee can approach the higher authorities. Grievances can also be redressed through Income Tax Ombudsman.

In the past, certain challenges were faced in processing of returns of income, which were primarily due to the problems in verification of taxes paid or deducted; data mismatch; technical constraints like link failure, system overload, loss of V-SAT connectivity in remote areas, power outages etc. Efforts are being made to overcome these bottlenecks. For the prompt issuance of pending refund claims, the Income Tax Department has also taken the following measures:

- (i) Promoting E-filing of the returns for speedy processing.
- (ii) Centralized Processing Centre (CPC) at Bengaluru has been set up for processing of E-filed returns of the entire country and manually filed returns of Karnataka & Goa Region.
- (iii) It is proposed to set up two more such CPCs.
- (iv) Through Citizens' Charter and other press releases issued by the Department, tax payers are requested to carefully mention the relevant particulars in return of income, and especially to avoid the common deficiencies as mentioned above.
- (v) Mandatory quoting of deductee PAN in the quarterly statement of TDS filed by the deductors.
- (vi) To achieve compliance of the reporting of PAN, a new Section 206AA has been inserted by the 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.

(vi) Facility of viewing the Tax Credit Statement in Form 26AS is made available to tax payers so that they can verify the TDS details before filing the return of income and take proper steps with the deductor(s) to rectify mistakes, if any.

(vii) Guidelines have been issued by CBDT to field formation to process refund on priority basis.

(ix) To expedite the faster issue of refunds, Refund Banker Scheme, so far applicable to only 15 stations, is now being extended to the whole of India in phased manner from 01-08-2010.