

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2560

ANSWERED ON:11.03.2011

DELAY IN IT REFUND

Saroj Smt. Sushila;Upadhyay Seema;Verma Smt. Usha

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government audit has ever underlined the flaws in the functioning of the Central Board of Direct Taxes (CBDT) by highlighting cases of delay in tax refunds;
- (b) if so, the number of cases of late tax refunds during the last three years alongwith the interest paid by the Government thereon;
- (c) the number of persons against whom action has been taken for delay in making refunds alongwith the nature of action taken against them; and
- (d) the time by which the refunds are registered in the record of PAN card holders under the e-return process in each financial year?

**Answer**

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

(a) & (b) Processing of returns of income, including those with refund claims, is a continuous process. The law stipulates that:

(i) Return of income pertaining to a particular financial year can be filed up to one year from the end of the relevant assessment year or before completion of assessment, whichever is earlier; and

(ii) Return of income received in a particular financial year can be processed up to one year from the end of the financial year in which Return is received.

Returns filed are processed sequentially and refund computed, if any, is issued immediately. As per the statutory provisions of section 244A of Income Tax Act, 1961, interest is payable from 1st April of the Assessment Year to the date of processing of return of income. Thus, interest payment is inescapable in all cases at least for the period from 1st April of the Assessment Year to the date of filing of return of income and thereafter, till the return of income is processed.

The Comptroller and Auditor General of India conducted a Performance Audit on the subject of Income-tax refunds as report no 7 of 2009-10. Deficiencies in the procedural aspects of the refund issuance were already under consideration of the Income Tax Department through large-scale technological interventions to eliminate bottlenecks and creation of systems to reduce human interface. However, at times delays may be caused due to following reasons:-

- i. challenges in verification of taxes paid or deducted, due to data mismatch,
- ii. wrong quoting of PAN by the assessee in the return of income,
- iii. illegible recording of address in the return of income by the assessee,
- iv. non-reporting of the new/ altered address by the assessee to the AO,
- v. incorrect particulars about the bank account.
- vi. challenges faced in migration of PAN due to change of jurisdiction of the assessee.

(c) Effective mechanism is in place to redress the refund-related issues. The actions of assessing officers are monitored regularly by the administrative hierarchy and are also subject to revenue as well as internal audit systems. The Income Tax Department also has a grievance redressal mechanism wherein a taxpayer can approach higher authorities. Grievances can also be redressed through Income Tax Ombudsman.

(d) E-Filed returns, especially those with digital signatures, are processed sequentially soon after their filing and thereafter refund, if any computed, is issued. Delays may be caused in such cases where in ITR-V are submitted late or challenges in verification of taxes paid or deducted due to data mismatches.