

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2668
ANSWERED ON:11.03.2011
REFUND OF IT
Mahant Dr. Charan Das

Will the Minister of FINANCE be pleased to state:

- (a) whether Income Tax Department is working on a plan to expedite refund claims below Rs. 10 lakh and make pending payments within this fiscal year;
- (b) if so, the details thereof;
- (c) whether other metropolitan cities are expediting refunds below Rs. 10 lakh expeditiously while the officers in Delhi are very slow in clearing such cases;
- (d) if so, the number of cases of refund in Delhi pending in different wards of Income Tax Department; and
- (e) the steps being taken by the Government to ensure that refunds for the last two financial years are cleared by 31st March, 2010?

Answer

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

(a) (b) & (c) Processing of returns of Income, including those with refund claims, is a continuous process. The law stipulates that Return of income received in a particular financial year can be processed upto the end of next financial year. Several innovative schemes like opening a centralized processing centre, e-filing of Returns, Refund Banker Scheme, etc have been launched by the Income Tax Department to promptly issue refunds. Officers in Delhi are also processing returns and issuing Refunds as per law.

(d) Issuance of refund expeditiously is a priority area of work for all the Assessing Officers across the country including in Delhi. During the current financial year between April 2010 to December 2010, Delhi charge has processed about 3.12 lakh returns of income involving refund claims and the balance pendency stands at about 2.47 lakh such returns, which include the returns filed during the current Financial Year. These will be processed within the time frame prescribed by law.

(e) Returns of income filed during FY 2008-09 have been processed by 31-03-2010 and where ever refund was found due, the same has been issued. Returns of Income filed during FY 2009-10 are to be processed by 31-03-2011.

As a long term measure to improve the delivery system pertaining to processing of return of income and issuance of refund, if any found due, the Income tax Department has taken several measures. Some of these are enumerated below:

(i) Promoting e-filing of the returns for speedy processing. As of now it is mandatory for Corporate taxpayers and all non-corporate taxpayers, who have to get their accounts compulsorily audited u/s 44AB of the Income Tax Act, 1961, to e-file their return of Income.

(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) Steps to set up two more such CPCs at Manesar and Pune are underway. Proposal to set up one more CPC in the Eastern region is being considered.

(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 that may cause delays as mentioned above.

(v) Verification of tax credit is a sine-qua-non for speedy processing. TDS deductors are required to compulsorily e-file their TDS returns on quarterly basis.

(vi) To improve the fidelity of the mechanism and to reduce mismatches between deductee claims and corresponding tax deduction statement from deductors, quoting of PAN by deductors in their return has been made mandatory. For improved compliance, failure to provide PAN number to deductor now results in higher rate of TDS.

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

(viii) To expedite faster issue, dispatch and delivery of refunds, Refund Banker Scheme has been extended to whole of India for non-corporate tax payers since 2nd August 2010.

(ix) Grievance Redressal Mechanism has been strengthened and prompt disposal of tax payer grievances and its continuous monitoring has been made necessary. Income Tax Ombudsman across the country has been created to ensure that delivery of this objective becomes effective.

(x) The Income-tax Department is constantly monitoring the mechanism/procedure of issuance of refunds so as to upgrade the existing system to avoid delays and improve tax payer service in this respect.