

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:192
ANSWERED ON:12.08.2011
IT REFUNDS
Kumar Shri P.;Venugopal Shri P.

Will the Minister of FINANCE be pleased to state:

- (a) whether the income tax refund claims involving sizeable amount are pending with the Department;
- (b) if so, the details of such claims pending as on 31 March 2011;
- (c) whether the E-refund scheme has been launched to expedite Income tax refund claims;
- (d) if so, the details thereof; and
- (e) the other measures being taken to expedite the refund claims in a time-bound manner?

Answer

FINANCE MINISTER (SHRILPRANABMUKHARJEE)

(a), (b), (c), (d) & (e): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NUMBER 192 FOR ANSWER ON 12TH AUGUST, 2011

(a) Sir, processing of returns, including those claiming refunds, is a continuous process. Returns claiming refund filed during FY 2010-11 are being processed, and refund, if found due, are being issued. However, in some cases refund may not have been issued due to difficulties in processing or in issuance of refunds which may be as below:

- 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 of the bank account,
- v. Challenges in verification of taxes paid or deducted due to data mismatch,
- vi. Delay in Receiving ITR-V (verification of returns) in non-digitally signed e-returns, which is necessary for its authentication,
- vii. Challenges of PAN migration due to change of jurisdiction.

(b) Data of cases of Returns claiming refund is not maintained on the basis of the quantum of refund claimed. However as on 31-03-2011, approximately 38.26 lakhs returns claiming refund were pending processing. A special drive was launched by the Income Tax Department to dispose all pending refund cases during the first half of the calendar year 2011. As a result, the pendency of Returns claiming refund was only 6.74 lakhs as on 31-05-2011 which includes such returns filed during current Financial Year also.

(c) & (d) Yes, Sir. E-Refund Scheme was initially launched on 24-01-2007 on Pilot basis for taxpayers assessed in specific charges of certain stations. The scope of the scheme has been gradually widened. Several other stations and CPC Bengaluru were included by October 2009 and thereafter, from August 2010 the scheme was rolled out for all the Non-corporate charges throughout the country. In the Scheme, refunds generated on processing of Income tax Returns by the Assessing officers/ CPC Bengaluru are transmitted in digitized form to the Refund Banker, currently State Bank of India, CMP branch, Mumbai on the next day of processing for further distribution to taxpayers.

Refunds are being sent in two modes:

- i) Electronic Clearing System and

ii) Paper Refund cheques.

In the Electronic mode, refund is issued through Real Time Gross Settlement (RTGS) or National Electronic Clearing System (NECS) which allows credit of refund directly to the taxpayer's bank account with the help of Bank account number (at least 10 digits), MICR code of bank branch and correct communication address. In Paper mode, Refund cheques are issued with the assessee's Bank Account particulars and sent to the taxpayer.

e) As a long term measure to improve the delivery system pertaining to processing of return Of income and iSSUanCe Of retUlld, U' any fOUUnU 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) Two more CPCs at Manesar and Pune are being set-up to process all the manually-filed returns. One more CPC at K.olkata is also on the anvil.

(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. Data from Banks of taxes paid is also collected.

(vi) To improve the fidelity of the mechanism and to reduce mismatches between deductee claims and corresponding tax deduction statement from deducton, 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 toTtax payers so that they can verify the tax payment details before filing their return of income and take proper steps with the deductor(s), etc to rectify mistakes, if any.

(viii) For AY 2011-12, Income Tax return form has been designed for certain categories of taxpayers, viz. `SAHAJ` & `SUGAM` that are simple and technology enabled. This will facilitate error-free and faster scanning of these forms, enabling faster processing of Returns of Income.

(ix) Online viewing of status of taxpayers refund is available for better information dissemination.

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

(xi) Grievance Redressal Mechanism has been strengthened and prompt disposal of tax payer grievances and its continuous monitoring has been made necessary. Income lax Ombudsman with offices at 12 stations and jurisdiction across the country has been created to ensure that delivery of this objective becomes effective.