

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:798
ANSWERED ON:01.03.2013
INTEREST ON IT REFUND
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Will the Minister of FINANCE be pleased to state:

- (a) the amount of funds spent on payment of interest due to delay in Income Tax refund during the last three years and the current year;
- (b) the heads under which such payment is charged/made, and
- (c) the steps taken/proposed to be taken by the Government to ensure timely refund of Income Tax?

Answer

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

(a) The Income Tax Act 1961, stipulates that refund to a taxpayer shall include interest on excess collection of taxes, as under:

- i. In case of processing of the return of income: From 1st April of the Assessment Year to the date of processing of return, and
- ii. In case of giving effect to appellate orders etc: From the date/s of payment of excess tax to the date of giving effect to the appellate order.

It is hence submitted that payment of interest on refund is not on account of delay in issuance of refunds but is a statutory obligation arising on account of provisions inbuilt in the law itself.

The amount of funds spent on payment of interest on excess tax in past three years is tabulated as under:

Financial Year	Interest paid on refund (in Rs. Crores)
2009-10	6876
2010-11	10499
2011-12	6486
2012-13	Not Available

(b) The outgo towards interest on refunds is treated as "reduction from gross tax collections" and is an integral part of "Deduct Refund".

(c) Following steps have been taken to ensure timely refunds:-

- i. Promoting e-filing of the returns for speedy processing.
- ii. Centralized Processing Centre (CPC) at Bengaluru has been set up to process e-returns of the entire country.
- iii. To expedite faster issue, dispatch and delivery of refunds, issuance of refunds through Refund Banker.
- 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.
- v. TDS deductors are required to compulsorily e-file their TDS returns on quarterly basis.
- vi. 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. Online viewing of 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.