

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:336
ANSWERED ON:11.12.2009
INCOME TAX REFUNDS
Jagannath Dr. M.

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware of the difficulties faced by some assesses in obtaining income-tax refunds;
- (b) if so, the details thereof;
- (c) whether the Government proposes to credit tax refunds directly to the bank accounts of the tax payers;
- (d) if so, the details thereof and if not, the reasons therefor; and
- (e) the steps being taken to streamline the tax administration in this regards?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PRANAB MUKHERJEE)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a), (b), (c), (d), and (e) OF LOK SABHA STARRED QUESTION NUMBER 336
DUE FOR ANSWER ON 11TH DECEMBER 2009:

(a) & (b) Processing of returns and issuance of refund is a continuous process in the Income Tax Department. The statutory time limit to process the returns of income is with reference to their receipt in the financial year and accordingly, the returns received in financial year 2008-09 can be processed upto 31st March, 2010. Normally, after receipt of return, processing of return and issuance of refund (if due) are done in due course. However, in some cases difficulties are faced primarily due to the following reasons:-

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

ii) Difficulty in verification of taxes paid or deducted, due to data mismatch.

iii) Technical constraints like link failure, system overload and loss of V-SAT connectivity in remote areas.

(c)& (d) Yes Sir, the system is already in place. So far, in 15 cities refund can be credited to the account of the taxpayer directly through the electronic clearing system (ECS), at the option of the tax payer. To further expedite the delivery of refunds after professing of returns, the Department has initiated a new scheme for non-corporate assesses, titled "The Refund Banker Scheme" from January, 2007, in which the State Bank of India is authorized to credit the refund amount (both through paper mode and also through Electronic Mode) in cities of Delhi & Patna and further extended from October, 2007 to the cities of Bangaluru, Chennai, Kolkata and Mumbai.

(e) The following steps have been taken to streamline the issuance of the refunds:

(i) Mandatory computerized processing of returns.

(ii) Guidelines have been issued by the CBDT to process all returns and issue refunds expeditiously, preferably within four months of filing of return.

(iii) Introduction of e-filing of TDS returns to simplify the verification of TDS claims.

(iv) Introduction of e-filing of income tax returns for speedy processing.

(v) The Department has set up a Centralized Processing Centre at Bangaluru. It will provide speedy processing of returns and issuance of refunds for all the tax payers of Karnataka region and for all the e-filed returns.

(vi) From Oct 2009, the Department has extended the Refund Banker Scheme to non corporate assesseees of the cities of Ahmedabad, Hyderabad, Bhubaneswar, Trivandrum, Pune, Kochi, Chandigarh, Allahabad & Kanpur.

(vii) The deductors are regularly educated and advised to correctly fill up the TDS returns, including giving PAN of the deductees so as to facilitate matching of PAN while giving credit of the TDS.

(viii) To achieve compliance of reporting of PAN of deductees in the TDS returns filed by the deductor, a new section 206AA has been introduced by the Finance (No. 2) Act, 2009 requiring furnishing the PAN to the deductor, failing which the rate of tax of deduction shall be higher.