

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE

LOK SABHA
UNSTARRED QUESTION NO +1497
TO BE ANSWERED ON FRIDAY, THE 4TH MARCH 2016
14TH PHALGUNA 1937 (SAKA)

TAX REFUNDS

+1497. SHRI KRUPAL BALAJI TUMANE:

Will the Minister of FINANCE be pleased to state:

- (a) the total amount of tax to be refunded as on date along with the main reasons therefor;
- (b) the manner in which advance tax payment is administered or managed;
- (c) whether the Government proposes to make any improvement in tax collection management;
- (d) whether any scheme is being considered to encourage people to disclose their unaccounted money so that this fund may be used for development projects or other purposes; and
- (e) if so, the details thereof and achievements of the same till date?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI JAYANT SINHA)

(a) As on 27.02.2016, claims of refund amounting to Rs. 1,50,529 crore are pending in the income-tax returns filed by the taxpayers for various assessment years. Processing of income-tax returns, including returns with refund claims, is continuously taking place. The major part of the pending refunds pertains to current year i.e. Assessment Year 2015-16 where returns have been filed in last few months.

The settlement of a claim of refund may get delayed for several reasons including:

- (i) Statutorily refunds in cases selected for scrutiny under section 143(3) of the Income Tax Act 1961 are issued only after the completion of the scrutiny proceedings.
- (ii) In cases where intimations have been issued to taxpayers for adjustment of arrears of earlier years, refunds can be issued only after the taxpayer has replied to the intimation/ notice of the Department and such replies are awaited in large number of cases.
- (iii) Incorrect details of bank account furnished by taxpayers, also delays the refunds.
- (iv) Incorrect address or change of address of taxpayers.
- (v) Cases where taxpayer has not submitted ITR-verification (ITR-V) form to the Department after e-filing the return.
- (vi) Cases where defective notice has been issued to taxpayer under section 139 (9) of the IT Act 1961.
- (vii) Verifications on account of all the above reasons in delays issue of refunds also.

(b) Advance tax is a voluntary payment of tax by the taxpayer based on his own estimates of his total tax liability during the year. The due dates for payment of the instalments of advance tax and the proportion of the total tax to be paid in those instalments have been specified in section 211 of the Income-tax Act, 1961. Though it is a voluntary payment, the trends of advance tax payments by different sectors of the industry and those by the top taxpayers are regularly monitored and appropriate interventions are made to maintain the growth of advance tax collections.

(c) The Income Tax Department formulates a Central Action Plan every year for boosting the revenue collections. Each region is allocated target for tax collection. Each assessing officer is required to monitor the advance tax payments by top advance tax payers within its jurisdiction for follow up action, if and when required. Strategy has been devised to focus on quality scrutiny assessments and collection of the demand raised thereafter. Special attention is given to recovery of arrear demand. Emphasis has been given to enhance tax collection by way of deduction/collection of tax at source including by ensuring compliance to TDS provisions by DDOs through awareness campaigns, seminars, etc. Also action by way of

searches and surveys is being done utilized to detect tax evasion in appropriate cases and also to create deterrence against tax evasion.

In the past several years, massive computerization of various functions of the Department has reduced compliance burden and grievances. It has also led to creation of a huge data bank of financial transactions which is being increasingly relied upon to identify non-filers, stop-filers, instances of under reporting of income and non-disclosure of transaction in the process making of tax collection management more efficient, effective and tax-payer friendly too.

(d) & (e) In the Budget 2016, the Government has proposed a limited period Compliance Window for domestic taxpayers to declare undisclosed income or income represented in the form of any asset and clear up their past tax transgressions by paying tax at 30%, a surcharge at 7.5% and penalty at 7.5%, which comes to a total of 45% of the undisclosed income. There will be no scrutiny or enquiry regarding income declared in these declarations under the Income Tax Act or the Wealth Tax Act and the declarants will have immunity from prosecution.
