

TOPIC: REFUND OF TAX

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Income tax refund

Refund Arise when taxes paid are higher than your actual tax liability. It could be an advance tax, self-assessment tax, tax deducted at source, foreign tax credit etc. Given below is an illustration showing when and how a refund arises.

Particulars.

Income (A) (Total Income after deduction)

Gross tax liability on (A) Income \rightarrow (B)

LESS: Foreign tax credit
Net tax liability

Add: Interest on tax liability (234 A, B & C)
Aggregate tax liability

LESS: TAX PAID \rightarrow (C)
(Adv. tax, TDS, TCS, SAT)

TAX PAYABLE (IF $B > C$)

TAX REFUND (IF $B < C$)

No doubt an assessee has a time limit of 120 days from the date of return filing to verify his return. The earlier you get the verification done, the earlier CPC will process your return.

Once the returns are processed by CPC at primary level for arithmetical errors etc. refund will be issued to the tax payer. If verification of return itself is delayed processing of return and issue of refund too will be delayed. Further, e-verification is faster than compared with the physical verification.

When refund is not processed by CPC, many a time, it is possible that your return may not have been completely processed by CPC for some reason and ~~not~~ no refund is issued to you. ~~At once~~ The tax payer's record are transferred to JAO

by ITO after a particular time period at an end of financial year a statement will be sent to the assessee informing the same. The files are transferred to AO one can follow up for refund by submitting a letter in this regard to the jurisdictional assessing officer (JAO) and follow up personally at regular intervals.

there is no separate procedure as such in order to claim an income tax refund due to you you can claim tax refund by simply filing the return of income in the usual manner. Ensure your return is electronically verified through Aadhar number OTP, EVC generated through bank account or physically verified by posting the signed ITR-V (acknowledgement) to centralised Processing Centre (CPC) within 120 days of filing the return.

Interest on Refund

You might have noticed in many cases that the refund amount received by you is slightly higher than the refund amount claimed in your income tax return. This difference represents interest on income tax refund. This is payable by income tax department mandatorily, if the refund is 1% or more of tax paid.

Section 244 A deals with interest on income tax refund and provides for interest at the rate of 0.5% per month or part of a part of the month on refund amount. Such interest shall be calculated from April 1st of A.Y. till the date of grant of refund if refund is due to excess advance tax paid or TDS. In case of any discrepancy in the interest computation, you may raise an online request for rectification of the same by log in to your account.

Checking of Refund status

You can check your tax refund status online by using the below procedure.

- To access the Refund page
- Enter PAN, relevant assessment year and captcha image and click on "submit"
- you will see the refund status displayed on the next screen.
- You can also access the refund payment details reflected in form 26AS in the Tax Credit Statement

If you want to know more, you can go through the detailed procedure on refund status on website.

Adjustment

Department (ITD) may not pay you all the refunds due to you. If at all you have some due for any of the p.y. and a refund due to you in another year, Internal Revenue Department (ITD) may adjust the refund accordingly.

However, the ITD cannot do so without giving the tax payer an opportunity to explain why such an adjustment should not be done. So, the tax department must send you an intimation u/s 245 regarding its intention of adjustment - ~~along~~ with instructions on possible ways for you to respond to the notice. Sec 245 allows the assessee 30 days time limit, the department can go ahead with the adjustment as per notice.

In case you disagree with the tax demand raised in the notice for any reason such as incorrect tax any reason such as incorrect computation, the omission of certain deductions or TDS etc, you may respond to it online by following the instructions provided in the notice in 30 days.

Attention - Tax payer can receive plenty of scam emails regarding income tax refund along with request to share their bank account details over an email for processing thereof. You always be careful of such emails and note that ITD never asks for bank details over an email. They already have these details, already provided by you in your returns. Therefore, make sure you

Exercise sufficient caution.

In a short you should always check the status of your ITR after filing and verification. Also make sure about calculation and refund and if you feed in appropriate Bank A/c details in your return so that you receive refund without undue delay and hassles. This refund is often a pleasant surprise for assesses and it can be seen as a chance to make extra saving that month.
