

**SECTION 119 OF THE INCOME-TAX ACT, 1961 - INCOME-TAX
AUTHORITIES - INSTRUCTIONS TO SUBORDINATE AUTHORITIES -
AUTHORIZATION OF AOs IN CERTAIN CASES TO RECTIFY/RECONCILE
DISPUTED ARREAR DEMAND**

CIRCULAR NO. 4 OF 2012, DATED 20-6-2012

The Board has been apprised that in certain cases the assesseees have disputed the figures of arrear demands shown as outstanding against them in the records of the Assessing Officer. The Assessing Officers have expressed their inability to correct/reconcile such disputed arrear demand on the ground that the period of limitation of four years as provided under sub-section (7) of section 154 of the Act has expired.

Further, in some cases, the Assessing Officers have uploaded such disputed arrear demand on the Financial Accounting System (FAS) portal of Centralized Processing Center (CPC), Bengaluru which has resulted in adjustment of refund arising out of processing of Returns against such arrear demand which has been disputed by such assesseees on the grounds that either such demand has already been paid or has been reduced/ eliminated in the appeals, etc. The arrear demands, in these cases also were not corrected / reconciled for the reason that the period of limitation of four years has elapsed.

2. The Board, in consideration of genuine hardship faced by the abovementioned class of cases, in exercise of powers vested under section 119(2)(b) of the Act, hereby authorize the Assessing Officers to make appropriate corrections in the figures of such disputed arrear demands after due verification/reconciliation and after examining the same on merits, whether by way of rectification or otherwise, irrespective of the fact that the period of limitation of four years as provided under section 154(7) of the Act has elapsed.

3. In view of the above the following has been decided:—

- (a) In the category of cases where based on the figure of arrear demand uploaded by the Assessing Officer but disputed by the assessee, the Centralized Processing Center (CPC), Bengaluru has already adjusted any refund arising out of processing of return, the jurisdictional Assessing Officer shall verify the claim of the assessee on merits. After due verification of any such claim on merits, the Assessing Officer shall issue refund of the excess amount, if any, so adjusted by CPC due to inaccurate figures of arrear demand uploaded by the Assessing Officer. The Assessing Officer, in appropriate cases, will also upload amended figure of arrear demand on the Financial Accounting System (FAS) portal of Centralized Processing Center (CPC), Bengaluru wherever there is balance outstanding arrear demand still remaining after aforesaid correction/ reconciliation.
- (b) In other cases, where the assessee disputes and requests for correction of the figures of arrear demand, whether uploaded on CPC or not uploaded and still lying in the records of the Assessing Officer, the jurisdictional Assessing Officer shall verify the claim of the assessee on merits and after due verification of such claim, will make suitable correction in the figure of arrear demand in his records and upload the correct figure of arrear demand on CPC portal.

4. It is specifically clarified that these instructions would apply only to the cases where the figures of arrear demand is to be reconciled/ corrected - whether such arrear demand has been uploaded by the Assessing Officer on to Financial Accounting System (FAS) of CPC or it is still in the records of the Assessing Officer.

This may be brought to the notice of all the officers of your CCA region.