

CBDT pegs tax refunds at Rs 1.25 lakh crore

The finance ministry issued tax refunds of Rs 98,000 crore (Rs 980 billion) in 2011-12, as against Rs 74,000 crore (Rs 740 billion) in the previous year, as about half the country's taxpayers filed their returns online.

Higher online filing of returns that is expected in the ongoing financial year will enable faster processing of claims and hence a further increase in refunds. This time, though, the ministry will try to avoid cash problems for the government, as had happened in the initial months of last financial year.

In 2011-12, as many as 16,400,000 taxpayers filed e-returns, compared to 90,500 in 2010-11, a jump of 82 per cent. The Central Board of Direct Taxes now expects e-returns to touch Rs 2.5 crore (Rs 25 million) in 2012-13, while refunds may increase to Rs 1.25 lakh crore (Rs 1.25 trillion).

This year, however, the ministry will be cautious that refunds are staggered during the year. This is being done to avoid a situation like last year's, when refunds of Rs 40,000 crore (Rs 400 billion) were issued in the first two months of 2010-11.

The situation prompted the government to go for short-term borrowings to meet its immediate cash requirements.

A finance ministry official said though the tax department can't hold the refunds, especially when the return has been filed online, a situation like that of last year would not happen again. For, a lot of the backlog has been cleared and refund payments have stabilised over the last few months.

"Online payments have brought a lot of transparency into the system," according to the official.

"Now taxpayers don't have to face any harassment for getting their own money back if they are filing e-returns.

"Once a taxpayer has applied for refund, it automatically goes to his or her bank account," he said.

As on March 31, 2012, nearly 19,000,000 taxpayers of the about 35,000,000 total taxpayers had registered with the Income Tax department for e-filing.

However, only 16,400,000 of the registered users filed e-returns. About 30 per cent of them used the platform of the I-T department to file their return, while the rest used utilities provided by various non-government bodies. A large part of the growth in e-filing came on the back of a jump in e-filing by taxpayers using ITR-1 (income from salary, pension, interest) and ITR 4 4S (comprising income from other sources, house property, capital gain/loss on sale of investment or property, partnership in a firm and business or profession).

States like Maharashtra, Gujarat and Delhi topped the list of e-filers in 2011-12. Both refunds and e-returns have seen a sharp jump in the last few years. In 2009-10, when e-

returns stood at Rs 52 lakh (Rs 5.2 million), a refund of Rs 58,000 crore (Rs 580 billion) was released.

On an average, it takes about 10 months to process a refund manually, but last year the I-T department had promised to give refunds within a month to incentivise taxpayers filing returns online.

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