

## Getting refund is more painful than tooth extraction

I like to pay taxes. By paying taxes, I buy civilisation, said noted American Judge Oliver Wendell Holmes Jr. But most governments realise that no matter what they do, they are unlikely to find many people who endorse this view. So, they try and make the process as painless as possible by having reasonable rates of taxation and a stable, just and efficient tax administration.

India has had reasonable income tax rates for some time now. However, our tax laws can hardly be called stable as with every budget comes a plethora of amendments, some of them being retrospectively applied to get over some adverse judicial decisions and of course, nobody in his right mind can accuse the government of providing a just and efficient tax administration. Anybody who has tried to get a tax refund will confirm that it is just slightly less painful than getting your teeth extracted without anaesthesia. Most people think that the salaried class is spared from these issues with the advent of electronic filing. If so, think again. Read the experience of my good friend.

He has income primarily from salary with rent, interest and sometimes capital gains. Like a model citizen he files his returns on time and he mostly has a refund due from the department because of deductions that are not allowed to be taken into account by his employer while computing the tax deducted at source (TDS).

He was horrified to receive a demand notice for few lakh (in double digit) for 2007 as against his expected small refund. When he saw the details he realised that the assessing officer had not given credit for the TDS from salary, hence the demand. He wrote to the officer and after some follow up the order was rectified and he was granted the refund that was due to him. And that he thought was the end of the matter especially since he had filed returns electronically post 2007. But, his problems had just begun.

For 2011 he was again eligible for refund and the assessment order came reasonably quickly and granted him the refund. However it adjusted the refund against an alleged overdue for the year 2007. He was mystified since a refund had already been granted to him for 2007. When he dug into the matter he learnt that the officers had been under tremendous pressure from their central bosses to upload the details of the overdue taxes in the Centralised Tax System and they had uploaded these so called overdues (including the initial wrong demand for 2007) into the system. Now the central system was adjusting all refunds due against these overdues. My friend was advised to approach his assessing officer to get the wrong demand for 2007 cancelled from the system. The assessing officer expressed helplessness due to system problems. The officer also pleaded helplessness in writing in response to my friends RTI application. My friends application to the Income Tax Ombudsman and a grievance on the Finance Ministrys website did not yield any result either.

The problem is widespread. My friend came across a Delhi High Court order in a writ petition lashing out at the departments apathy in a similar case and the CBDT circular asking the department to take expeditious action in such cases. My friend is now caught in a Kafkaesque situation. He has just been served a notice that the refund due for 2012 is also being adjusted against his 2007 overdues.

The refund in my friends case is not large enough to justify the costs of filing a writ petition. He is now hoping that other similar affected people will join him in filing a writ petition so that the costs can be shared among a large number of affected people. You could join him too, if you are interested.

Therefore, Mr Chidambram, please dont wait till citizens file such writ petitions and the department earns a bad name for such flagrant violations. Use some of your famous charm and efficiency to make prevent such violations.

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