

Tax refund - A long wait? Here is how to ensure a timely receipt

Sreenivasulu Reddy Senior Tax Professional, Ernst & Young

Tax refunds - only few of us get on time, while most of us may have to wait for a long time. There could be several reasons for delays in tax refunds: mismatch in the tax paid details, error in bank account details, technical problems at the department, growing number of tax payers, change in mailing address etc.

Let us look into some basic things about tax refunds, the process and how you can ensure timely receipt of tax refunds:

When are you eligible for tax refunds?

Normally, employees declare their investments or the details of tax saving investments to their employers at the beginning of each Financial Year (FY). The employer deducts the tax based on the declaration provided by the employees. Failure to declare the investments leads to higher deduction of tax, which in turn results into tax refunds.

Other reasons could be excess deposit of advance tax on other income, change in the housing loan interest repayment, and claiming of deduction for donations at the time of filing the tax returns.

How the refund process works

Once the tax return is filed, the tax department verifies the information and process the return. If any excess tax is paid, the same will be granted to the tax payer. Ideally, the refund cheque will reach your mailing address or the refund amount will be credited to your bank account through the electronic clearing system (ECS).

Reasons for the delay in refund

Income tax refund can be delayed if the amount you claim as taxes paid does not match with the Government's online record (Form 26AS).

Incorrect bank account details: In case of refund through cheque, one should ensure that along with the account details, address mentioned in the return is correct.

Treaty claim in the tax return: In case of cross border employees claiming the tax relief, Centralised Processing Centre (CPC) may re-direct the returns to the

respective ward to verify the claim and process the tax refunds. The additional procedure results in delay in issuing refunds.

Non submission of ITR-V within the prescribed timelines: ITR-V generated upon filing of the tax return has to be signed and delivered to the CPC within the prescribed timelines. The tax return is considered not filed until the ITR-V reaches the CPC.

Incorrect Permanent Account Number (PAN) and other personal details (name, assessment year etc)

Can you track your refund?

The 'Refund Banker Scheme' introduced in 2007 is now operational all over India and covers returns processed at CPC. As per this scheme, the refunds will be transmitted to the State Bank of India, Mumbai branch for further processing.

Status of refunds, being paid other than through 'Refund Banker,' can also be viewed at www.tin-nsdl.com by entering the 'PAN' and 'Assessment Year'.

An individual can track the refund status as given below :

-Visit tin.tin.nsdl.com/oltas/refundstatuslogin.html

-Enter PAN -Select Assessment Year -Click Submit

Individual taxpayers can also send emails to itro@sbi.co.in or refunds@incometaxindia.gov.in for any refund related queries.

How to deal with delays in tax refund

If you do not receive your tax refund within a reasonable time frame (normally one year from the date of filing the tax return), you can visit the tax department for a follow up of the refund or you can write a letter to the concerned tax officer. However, if no action is taken by the concerned tax officer, the tax payer can move up the hierarchy and write to the jurisdictional Commissioner.

Important points for a faster refund

Verify the tax paid details as per Form 16/ 16A with the Government's online record (Form 26AS). In case of any discrepancy, contact your employer or the concerned person for the rectification. The Part A of recently notified Form 16 will have the tax paid details as per Form 26AS.

Retain all the supporting documents for the investments, deductions and expenditures. This will help hassle free audit by the tax department and speedy processing of tax refunds Provide permanent mailing address where refund has opted through cheque

Submission of ITR-V within the prescribed timelines

Ensure accurate bank account details are mentioned in the tax return, like bank account number, MICR code, ECS facility etc.

Other details in the tax return, like PAN, name, assessment year etc.

One of the main objectives of introducing e-filing of the tax returns is speedy processing of tax refunds. The Government had recently issued a notification for setting up of Centralised processing cells for computerized processing of TDS statements which may help to reduce the processing time of tax refunds.

The delay in processing tax refund claims, besides causing inconvenience to taxpayers, is also resulting in higher interest outgo for the Government. Hence, the Government is taking various steps to reduce the processing time of tax refunds. Also, the tax payers should ensure that accurate details are mentioned in the tax returns to avoid any delays resulting from their end and also to receive refunds on time.

(Views expressed are personal)

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