



⊗ All demand generated on AST till 31.03.2010 needs to be uploaded by AO. Any demand generated on AST from 01.04.2010 is received at CPC automatically. No action is required by AO on demands generated on AST after 01.04.2010.

Arrear Demand Upload: Salient points

Arrear Demand refers to Demands already raised on Assessee which are yet to be paid or recovered or adjusted and hence outstanding. This information is to be notified to the Centralized Processing Center (CPC) of Income Tax Department (ITD) at Bangalore so that the same can be adjusted against any refunds due to the Assessee in respect of any subsequent returns processed at CPC and recovered through such adjustment.

SITUATION – 1: WHERE STEPS ARE TO TAKEN FOR REVERSAL & CHANGES TO DEMAND ALREADY UPLOADED

[Please ensure that Cpc_Sso icon is installed on your desktop]

If the above icon is not installed then go to Menu Bar>write: <https://cpcaoportal.dept.cpc.gov.in> > click CPC > AO Portal> Click> continue > put user ID and Password (which are used to access ITD Application)>Login

After log in > History [there appears two radio buttons All Records Particular Record]

If you want to download all uploaded arrear demand record please choose “**All Record**” button and if you want to correct a particular uploaded arrear demand of a particular assessee then choose “**Particular record**” button. Then click on “**Download latest Arrear Demand Records**”. The desired record will be downloaded to your computer.

Remember all data downloaded from CPC portal is in .xml format. (Since, the data was uploaded in .xml format). To open and correct and re-upload in .xml format you are required to convert the data to .xl format. For that you are required to install ADCR_1.13_Sp2 software in your computer. If you do not have that software you can easily get it from CPC portal by using following path:

After login into CPC AO Portal the first item which will appear as, *Click here to download the arrear demand utility, CBDT instructions, user manual for arrear demand and associated FAQs*. Click the first item: **“Index of/Utility And Help Files”** will appear. Click 2nd item **“Arrear Demand Utility”**, it will be downloaded to your computer then Click **“Arrear Demand Utility and Instruction in zip file”**, then click **“ADCR_1.13_sp2.xls”**, then a prompt up screen will ask you to whether **“Do you want open this file ?”**, then Click **“open”** and the ADCR_1.13_sp2.xls will be downloaded to your computer.

SITUATION -2 : VERIFICATION OF ACTUAL DEMAND AND COLLECTION

To download all the demand generated on AST till 31.03.2010 go to:

ITD>IRL>Reports>Record of Demand Entries Raised for a period. A page will appear and ask for the required report. Put Date From - 01/04/2001 to 31/03/2010, Report Type – NORMAL, PAN Status – Income Tax, Select Case – Demand Cases Only, Amount From “100” to “as per status of the AO”, Select Report Order – PAN Wise, then put time for downloading “21:00” and then click the button “Generate”. The data will be available for downloading in the next day.

To **download** the report go to : **ITD>Reports>Reports Status Details>Search>Click the file to be downloaded.** File will be downloaded to your computer i.e, in ITD Pool. Open the ITD Pool, open the downloaded .lis file with winzip software, then **extract** the .lis file using winzip into desktop.

Now open ADCR_1.13_sp2 (in both cases)

a) if data downloaded from CPC portal then, go to the Home page of ADCR_1.13_sp2 there appears: “import XML”, Click import XML button > Choose the downloaded xml file > the data will be imported in the ‘Arrear Demand’ sheet,

b) if data downloaded from AST then, go to the “Input Texfile” sheet of ADCR_1.13_sp2, then click “Input Text IT” button appears on the top of the sheet > Click OK> then a window appears and shows the .lis file which were extracted from winzip and saved in desktop as lrccdr(Date).lis. Click to open the file and the data will be arranged in “Input Texfile”.

c) **The TMS data**, if any, can also be extracted into the Excel software. Since the formats and field names differ from place to place, the AO has to ensure that the names of the various fields are correctly aligned to the respective fields as per the fields in the ADCR report from the AST system (which is the standardized format). Import the TMS data from .dbf file and extracted into the **Input Database Sheet**.

d) Similarly, in case there are arrear demand entries in manual registers as a result of 143 (3) or rectification done outside the AST system, these demands have to be manually entered in the Excel Software under the worksheet **‘Input Manual’**

c) The records can be grouped on the basis of PAN and AY (by sorting the columns A>Z) and verification of demand process can be commenced.

d) Merge all input data in “**Merged Input Sheet**”

Correction:

Please look at the top of the excel sheet, if there appears “enable content” then please **enable** it by clicking on the **enable button** otherwise the data which is being corrected/rectified will not be incorporated in the sheet. To examine whether the corrected/rectified data is accepted by the excel sheet you are required to change data in “**I**” and “**AK**” column which represents “Demand Amount” and “Total Net Payable” respectively. After changing, the entire row will be highlighted with **yellow** and it will never be reversed unless you don’t save the entire document.

In case of demand uploaded by AO has not been adjusted at CPC, AO has to make necessary corrections in the data uploaded by him.

In case of demand uploaded by AO has been adjusted at CPC, no further changes can be done at CPC regarding such demand. Necessary action has to be taken by AO after verification of relevant documents. Such change in demand should not be communicated to CPC. Please follow the Instruction of **DGIT(SYSTEM) Instruction No. DGIT(S)/ Misc./2011-12 dt. 19.10.2011** on this matter.

Verification of demand in IRLA:

ITD>IRL>Queries>Summary Ledger Query>F7> Put PAN > F8, results will show year wise demand exists in IRLA.

Verification of Payment received but not posted in ledger:

ITD>OLTAS>Maintain Challan > Challan Details>Put PAN>F8, results will show year wise payment received.

If it is found that some payment has been received but not posted in the ledger, then

ITD>OLTAS>Maintain Challan>Manual posting of 400 challans> put PAN>F8, result shows un-posted challans.

Tick the required challan to be posted in the ledger in the right hand box. Check in IRL whether any outstanding demand still exists or not.

See whether any rectifications are pending:

ITD> Rectification> Rectification Application>F7>Put PAN> F8, result shows whether any rectification is pending or completed. If pending, try to resolve otherwise delete the application.

After correcting/rectifying all records convert the data into xml format by clicking “**generate XML**” found in the Home page of ADCR_1.13_sp2. After successful generation of .xml file (which will be saved at the desired location you choose to save) copy the file to a pendrive and submit to your Addl.CIT/JCIT to upload such rectified data. **Please note corrected data can be uploaded using Addl/Jt. CIT’s code only.**

Any adjustment of arrear demand by CPC can be done based on uploading of the data by AO to CPC AO Portal. Such adjustment against demand can be made at CPC only on the basis of successfully uploaded arrear demand data. Necessary instruction for upload is available on AO portal. CPC cannot adjust any demand on the basis of written communication received for the same.

How to up-load corrected arrear demand to CPC Portal:

Open Cpc_Sso, then click **History>upload arrear demand** , there appears 5(five) menu, i.e. data needs to be uploaded for 1 circle and 4 wards. Choose the correct Circle/Ward, Browse the .xml file that is prepared for upload, then click the button upload. On successful uploading of data a message will appear “the arrear demand successfully uploaded”. History option shows a list of uploaded files along with record count accepted records and no. of records errored if any. Please verify in the history after one day, the successful processing of the uploaded demand in CPC.

DO NOT TRY TO UPLOAD CORRECTED RECORD USING AO’s CODE, ALWAYS USE ADDL/JT.CIT’s CODE TO UPLOAD TO CPC.

Since this is an on-going process of rectification/correction/adjustment of arrear demand the AO’s are advised to make a periodic work schedule to download > correct > upload process.

POINTS TO BE NOTED FOR NOTIFICATION OF ARREAR DEMAND TO CPC

1. *Arrear Demands in respect of Demands raised outside CPC, can be adjusted at CPC only if a subsequent Return of Income is filed by the Assessee and the same is being processed at CPC. Hence, mere notification of Arrear Demand information will not constitute its adjustment and recovery from the Assessee and this responsibility is not transferred to CPC.*
2. *Information pertaining to Arrear Demand is to be notified to CPC of ITD in an accurate and timely manner, so that, the same can be adjusted against any refunds computed at CPC before its processing completion.*
3. *CPC will consider only Arrear Demand information notified to it up to the point of processing of any subsequent Return of Income filed by the Assessee at CPC. If such information is not available with CPC in a timely and accurate manner prior to such processing completion at CPC, the same cannot be adjusted.*

4. CPC will have no means of verification of the Arrear Demand amount notified to it and will adjust any such notified amount against any subsequent refund computed by it for the Assessee, without verification of the Arrear Demand amount.

5. Arrear Demand notified to CPC will be on a unique record-by-record basis (more than one record can be uploaded or notified at a time), with reference to the latest / updated and accurate status of amount recoverable from the Assessee. A fresh upload or notification against a PAN / Assessee to CPC will be treated as another unique additional record and processed if accepted at CPC. Once the Arrear Demand is notified and accepted at CPC, any subsequent amendments / corrections against a specific demand of a PAN / Assessee should be made only per steps listed in the section on "SITUATION 1". To note that once again uploading the any demand amount of the Assessee without adherence to the specified steps could result in duplication and erroneous demand adjustments.

Related Circular:

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.

Contributed by:

Arup Kumar Biswas, ITO Ward – 18(2), Kolkata (M:) 8902195855

Biswapriya Majumdar, ITO Ward – 18(4), Kolkata (M:) 8902194962