Sub: Restriction on Issuance of Manual Refunds by Assessing Officers: Req

Kindly refer to the above subject.

2. The functionalities for passing orders u/s 143(1)(a)/ 143(3)/ 154/ appeal effects/ penalty etc. exist on the system and, progressively, AOs are mostly issuing orders on the system from AY 2011-12 onwards. The CBDT has repeatedly instructed that in all cases orders must be passed on the system. This has also been stressed in the Central Action Plan for each year. Further, all charges including LTUs and Central Charges are now covered by Refund Banker scheme. However, instances continue to come to the notice of the CBDT where the Assessing Officers have issued manual refunds even in cases which have been processed on AST.

3. In certain exceptional time-barring cases the CBDT has allowed processing of Returns of Income in Online TMS. The AST Instruction No. 135 dated 20th March 2015 provides for processing of following categories of returns for A.Y. 2013-14 in Online TMS.

- Category 1

<table>
<thead>
<tr>
<th>Sr No</th>
<th>Category of cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>PAN under migration</td>
</tr>
<tr>
<td>II</td>
<td>PAN is deleted in de-duplication process.</td>
</tr>
<tr>
<td>III</td>
<td>PAN is under de-duplication restoration.</td>
</tr>
</tbody>
</table>

- Category 2:

<table>
<thead>
<tr>
<th>S.No</th>
<th>Category of cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Invalid PAN mentioned in the return</td>
</tr>
<tr>
<td>II</td>
<td>PAN is not available</td>
</tr>
<tr>
<td>III</td>
<td>Name in PAN database does not match with name in Return of Income</td>
</tr>
<tr>
<td>IV</td>
<td>Return with one PAN issued to two different entities OR someone filing a return quoting the PAN of original holder and this wrong return is processed first in AST/CPC/TMS, therefore the system will not allow processing of Return of original PAN holder.</td>
</tr>
<tr>
<td>V</td>
<td>Any other contingency in AST not allowing the processing of such return even with valid PAN.</td>
</tr>
</tbody>
</table>
4. As per the aforementioned instruction, refunds can be issued via refund voucher printing facility for Online TMS Category 1 cases only. Subsequent to the issue of refunds, the information regarding processing and refund issued, if any, needs to be integrated with AST. However, for the Online TMS Category 2 cases, refund via refund voucher printing facility or integration with AST is not possible, as the correct PAN details are not available.

5. Only in cases where the initial underlying order is passed outside the system, the subsequent orders cannot be passed in the AST system and therefore in such cases refund cannot be issued through Refund Banker. As discussed in para 2 above, from AY 2011-12 onwards, most orders u/s 143(1) and subsequent orders are already on AST system.

6. It is therefore decided by the CBDT that henceforth no manual refund should be issued in a case which has been processed on AST. In cases referred to in paras 4 & 5 or in exceptional cases, manual refunds may be issued with the following safeguards:

   i. It is mandatory for AO to take Approval by Range head for refunds upto Rs. 1 lakh and approval by CIT for refund above Rs. 1 lakh and record reasons as to why manual refund was necessary.

   ii. Mandatory quoting of PAN, AY and Bank account number on the Cheque.

   iii. No manual refund will be permitted if a prior manual refund for same PAN, AY and amount has already been encashed.

7. For control purposes, a separate ITD functionality/screen is being rolled out vide this instruction to capture important details for manual refunds (other than using print refund voucher functionality where details are already captured in the system) issued by the Assessing Officer(s). The Assessing Officer(s) are advised to mandatorily fill these details before issuance of any manual refund from the date of issue of this instruction. Range Heads are advised to ensure that the Assessing Officers duly fill all the details for such manual refunds as provided in the functionality before issuance of any such manual refund. The path of this functionality is as under:

   “ITD-->AST-->Others-->Manual Refund Details”

   For monitoring by supervisory officers, the data of refunds issued manually and entered by the AOs in this new screen will be matched with the data of such refunds encashed as per OLTAS database regularly to identify cases that have not been entered by AOs through MIS feature that will be launched shortly.

   This process would continue till a separate functionality is developed in ITBA.
8. The CIT(COs) are requested to ensure that all the Assessing Officers are enabled under Refund Banker Scheme as per new Jurisdiction Order issued after restructuring w.e.f. 15.11.2014. It also needs to be ensured that the old jurisdictions are dis-continued immediately.

9. For any clarifications/ difficulties user is advised to lodge ticket with Helpdesk for resolution. Any queries on this issue can also be addressed to Shri Ashish Abrol, Addl.DIT(S)-3(1)(09013850443), ashishabrol@incometax.gov.in

10. This issues with the approval of Chairperson, CBDT.

Yours faithfully,

(Ramesh Krishnamurthi)
Addl. DGIT(S)-3, New Delhi

Copy to:

1. The P.P.S. to Chairperson, CBDT for information.
2. The P.S. to Member (L&C), CBDT for information.
3. The P.S. to Pr. DGIT(S) for information.
4. Database cell to upload on website: irsofficersonline.gov.in
5. Additional DIT (Hqrs)(Admin) to upload on DGIT(S) corner in irsofficersonline.gov.in.
6. Sh. T John, DPA to upload on itaxnet

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