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{Central Board of Direct Taxes}

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PRESS RELEASE

CBDT tightens procedure for issue of refunds.

The Income Tax department have taken action against persons involved in the recent refund scam in Delhi. The scam itself was detected by the efforts of an officer of the Department, who alerted the bank and the accused persons were detained by the bank and later arrested by the police. The accused have been further remanded on judicial custody. The matter is under investigation by the police and also by the Income Tax department.

The Central Board of Direct Taxes (CBDT) have taken several steps from time to time to prevent fraudulent encashment of refunds. The possibility of issue of refunds through a refund banker is also being worked out. A pilot project in this regard is being launched to test its viability.

The steps recently taken to prevent fraudulent encashment of refunds, apart from guidelines issued from time to time, include –

- Introduction of issue of refunds directly to the bank account of the taxpayer through the Electronic Clearance Scheme (ECS). This scheme was implemented in 13 cities in 2004, and has been further extended to 12 cities in 2006.
- Mandatory quoting of bank account details on the refund vouchers with effect from 1.1.2006.
- Cross-verification of high value refunds by the clearing bank from the issuing officer in the Income Tax department.

Although every effort is being made by the department to prevent frauds relating to refunds, the taxpaying public is also expected to cooperate with the department. Many returns are still received without bank account details or with incomplete details. Taxpayers must quote their bank account details correctly in their tax returns so that they get their refunds quickly and safely.

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