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PRESS RELEASE

It has been reported in some sections of the media that a large number of taxpayers are awaiting refunds from the Income Tax department for up to three years. These reports are factually incorrect and based on incomplete appraisal of facts.

The Income Tax department has already issued over 43 lakh refund cheques amounting to over Rs.39,000 crore during fiscal 2006-07. The amount of refund issued during fiscal 2005-06 was over Rs.29,000 crore. Thus there is an increase of about 33% in the amount of refund issued during 2006-07 compared to 2005-06. In first two weeks of April 2007 alone, refunds amounting to Rs.1,834 crore have been issued.

In order to speed up the issue of refunds and make the procedure error-free, a pilot Refund Banker Scheme was launched on 24th January 2007 by the Finance Minister in select Commissionerates in Delhi and Patna. Under this scheme, over 30,000 refunds have been issued in Delhi and Patna through the ECS or as paper refunds. In most cases, refunds have reached the taxpayers or have been credited to their bank account electronically within 15 days of processing.

Processing of tax returns takes time. The Income Tax department receives over 3.20 crore tax returns. Administratively, time of 4 months is taken to complete the electronic processing of returns. Sometimes, delays take place due to lack of manpower, connectivity, power failure, etc. These issues are being addressed separately.

While processing tax returns, it is observed that many taxpayers do not furnish all the details as required. The bank account details or ECS code are not furnished or are inaccurate / incomplete. Sometimes, addresses of taxpayers change and no intimation to this effect is given to the department. Due to these factors also refunds are delayed. Taxpayers are, therefore, advised to file their tax returns with due care and caution.

A Tax Return Preparer Scheme has also been launched to help small and medium taxpayers file their returns.