

**AST Instruction No.118**  
**DIRECTORATE OF INCOME TAX (SYSTEMS)**  
**ARA Centre, Ground Floor, E-2, Jhandewalan Extension,**  
**New Delhi-110055**

F.No. AST/Inst. 118/53/2013-14/DIT(S)-III

Dated:13.12.2013

To,

**The Chief Commissioner of Income-tax (By Name)**

Ahmedabad/ Allahabad/ Amritsar/ Bangalore/ Baroda/ Bhopal/ Bhubaneshwar/  
Bareilly/ Chandigarh/ Chennai/ Cochin/ Coimbatore/ Dehradun/ Delhi/ Durgapur/  
Guwahati/ Hubli/ Hyderabad/ Indore/ Jaipur/ Jalpaiguri/ Jodhpur/ Kanpur/ Kolkatta/  
Lucknow/ Ludhiana/ Madurai/ Meerut/ Mumbai/ Nagpur/ Nashik/ Panaji/ Panchkula/  
Patna/ Pune/ Raipur/ Rajkot/ Ranchi/ Shimla/ Shillong/ Surat/ Thane/ Trichy/  
Trivandrum/ Udaipur/ Vishakhapatnam; and

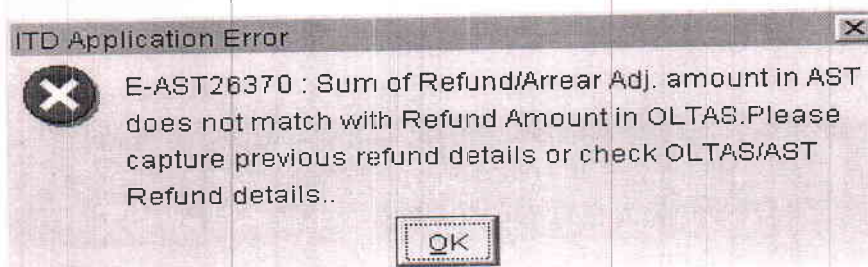
**The Commissioner of Income-tax (By Name)**

Delhi (CO)/ Mumbai (CO)/ Chennai (CO)/ Ahmedabad (CO)/ Bangalore (CO)/ Bhopal  
(CO)/ Bhubaneshwar (CO)/ Kolkatta (CO)/ Cochin (CO)/ Chandigarh (CO)/ Hyderabad  
(CO)/ Jaipur (CO)/ Kanpur (CO)/ Patna (CO)/ Pune (CO)/ Guwahati (CO)/ Nagpur(CO)

**Subject: OLTAS-AST mis-match - Capturing of manually issued  
refund details while doing Rectification u/s 154 - reg.**

Sir/ Madam,

It has been reported by field formations that, in some cases, while passing a  
rectification order on the System, the following message is displayed and  
further action cannot be taken.



2. This happens because of mismatch in the system. Ideally, when a  
refund is issued through the System(AST), no mismatch should happen  
because every refund issued by AST gets matched with the refund received  
by OLTAS from the banking channels.

However, in the past and in certain exceptional cases, refunds have been  
issued manually or consequent to manual order also. Thus, there will be a  
situation where refund is issued manually and OLTAS will get data through  
the Banking Channels whereas AST will not show such refund. Thus when  
AO tries to issue any further refund in such cases, the system finds

inconsistency and reports mismatch between total refunds as per AST & those available in OLTAS. It thus, stops further issue of refunds. This check was necessary to avoid possibility of fraudulent/erroneous issue of refunds.

3. AO is expected to verify the manual refunds from the specific file or case record. He can also seek details of such refunds through a comprehensive screen in OLTAS which allows AOs to show all refunds, which are appearing in OLTAS (but not in AST) with the following details.

- Name and address of bank branch
- Name of taxpayer as per PAN master
- Name of taxpayer printed/written on cheque
- Amount, Refund issued date, AY, cheque number
- Whether the refund is available in AST database or not etc.

This will facilitate the AO to verify the manual refunds appearing in OLTAS data with the manual record of Assessee maintained in the office. *The OLTAS Instruction No. 47 dated 06.08.2013 may also be referred in this regard.*

4. Based on the problem reported by field formations, various scenarios of mismatch of AST and OLTAS have been identified. The scenario and the solution are explained below.

- (i) **Scenario 1:-** AO accepts that refund appearing in OLTAS has been issued as a result of manual order (Rectification/Asstt or appeal effect) in the same case and for the same AY.

Solution: - AO is required to incorporate details of such manual refund into the system as developed through new functionality explained in Para 6.

- (ii) **Scenario 2:-** AO finds that the manual refund has been actually issued but it pertained to some other year (Either AO or Bank has entered wrong AY).

Solution: - OLTAS has provided a screen functionality enabling AO to change the AY of refund. *Please refer to OLTAS Instruction no. 46 in this regard.*

(iii) **Scenario3:-** Refund issued to wrong PAN or PAN of representative Assessee etc - In some cases, it has been reported that the Indian company/concern is filing return of income of the foreign technicians as a representative Assessee. The PAN of the Indian company/concern is used as the foreign technicians visit only for short duration and do not have PAN. Refunds in these cases are issued in the PAN of Indian Company filing return of foreign technicians. This practice should be avoided as it is not in accordance with the concept of unique PAN for each Assessee on which the present system is functioning. It will be leading to multiple complications in the system not only in the case of foreign entity but also the main Indian company working as representative Assessee.

(iv) **Scenario 4:** -Wrong PAN entered by AO or Bank. Please refer to discussion in previous para as the solution for this scenario will be similar that scenario.

5. The AO should also be very careful while carrying out the activity at para 4 as once completed, it cannot be reversed. If AO finds that the refunds in OLTAS data falls in more than one category, the consolidated request will be raised to CIT for approval.

6. The functionality of capturing basic data of the manual order for scenarios at para 4(i),4(ii) and 4(iv) in the System has been provided. The detailed user manual is also placed at i-taxnet and ITD.

The salient features of the functionality are as under:

- (a) The data of manual refunds not appearing in AST is now being made available to AO in the Rectification Screen.(where error at para 1 was reported)
- (b) The AO has to select (tick) the check box for which AO accepts issuance of such manual refunds.
- (c) **The AO should be very careful in selection of such refunds and only those manual refunds in excess determined in AST are required to be captured. Refunds issued through AST should not be captured again.**
- (d) Once AO accepts the data by clicking in the check box, such manual refunds will be taken into account by the System. Thereafter AO has

to capture the details of manual order through which the refund was determined. Once entered, the request will be submitted to Range Head for approval. After approval, the AO will be able to pass the rectification order.

- (e) To address the problem at Scenario No 3 & 4 the same functionality will deal with such type of cases. The manual refunds of such nature appearing in OLTAS data being shown against the PAN of Assessee will be "skipped" from the income tax computation on getting approval from respective CIT. Thereafter, the system will allow AOs to pass rectification orders in such cases. This functionality of skipping the refunds can also be utilized in some other situation like quoting of wrong PAN in the refund vouchers.

7. In certain cases, the AOs have reported that manual refunds appearing in the OLTAS are not issued to the Assessee. The denial of issuance of manual refunds is a serious issue. The process to deal such scenario is given in letter vide F.No. SW07/01/03/04/04/DIT(S) II/11267 dated 27.09.2013 issued by DIT(S)-II (soft copy is placed at itaxnet alongwith Instructions). The AOs may be advised to carry out the verifications as mentioned in para 6 of the said letter.

8. This instruction may be brought to the knowledge of all field formations working in your charge for necessary action at their end. All instructions relating to AST are available on itaxnet.

Yours faithfully,

(D.S. Chawla)

DIT(Systems)-III, New Delhi

For any clarification, you may call the Co-desk.

- Copy to: 1. The P.P.S. to Member (L &C), CBDT for information.  
2. The P.P.S. to Member (A&J), CBDT for information.

(D.S. Chawla)

DIT(Systems)-III, New Delhi