

F.No.312/109/2015-OT
Government of India
Ministry of Finance
Central Board of Direct Taxes (CBDT)

New Delhi, Dated 7th March, 2016

Office Memorandum

Sub: Revised timeline for verification of arrear demand under section 245 of the Income-tax Act, 1961.

Reference is invited to Office Memorandum of even number dated 29.01.2016 vide which the procedure to be followed in cases where notice u/s 245 has been issued for returns to be processed during FY 2015-16 was specified by the Board. It was prescribed in the O.M. under reference that-

a) In cases where that tax payer has contested the demand, CPC would issue a reminder to the assessing officer about the contention of the taxpayer, asking him to either confirm, or make appropriate changes to the demand within thirty days. In case no response is received from the AO within thirty days, CPC would issue the refund without any adjustment. The responsibility of non-adjustment of refund against outstanding arrears, if any, would lie with the assessing officer.

b) In cases where there is no response from the taxpayer, CPC would issue a reminder to the taxpayer, asking him to either agree or disagree with the demand and submit response on the e-filing portal within thirty days. In case no response is received from the taxpayer within thirty days, CPC would adjust the demand and issue the balance refund, if any, to the taxpayer.

2. In view of the large volume of pending refunds which are subject to proceedings u/s 245 and the timeline of 30 days for responding to the notice allowed to the assessee and the same time period allowed to the assessing officer to confirm/ correct the demand, it is taking too long for the demand to be verified and the refunds to be issued, leading to rise of grievances.

-2-

3. With a view to clear the pendency of refunds which are subject to verification under section 245, it has been decided that the timeline of 30 days for the assessee and the assessing officer specified in the O.M. dated 29.01.2016 may be reduced to 15 days with regard to the notices under section 245 to be issued in the balance period of the current financial year. This is a one-time measure to clear the backlog of refunds and accordingly the reduced timeline of 15 days shall be valid only till 31.03.2016.

4. This issues with the approval of Chairman, CBDT.

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All Principal Chief Commissioners/ Principal Directors General of Income Tax.
All Chief Commissioners/ Directors General of Income Tax.
Commissioner of Income Tax (CPC-ITR), Bengaluru.

Copy to:-

1. Chairperson and all Members of CBDT.
2. All Joint Secretaries and Commissioners in CBDT.
3. Pr. DGIT (Systems) and Pr.DGIT (Admin.).
4. Additional Directors General (Recovery) and (PR, PP&OL).
- ✓ 5. Web Managers of irs.officersonline.gov.in and incometaxindia.gov.in for placing the Office Memorandum on the respective portals.
6. Office of Comptroller & Auditor General of India (30 copies).