

Income Tax Refund

written by TeamKV | November 14, 2020

Income Tax Refund: Process to claim an income tax refund & How to check income tax refund status.

Income tax refund: Sounds quite familiar, doesn't it? Many of us would have received a refund from the income tax department in the past. So, when and how does one get a refund? Let us explore this in detail. A refund arises when taxes paid are higher than your actual tax liability (including interest). It could be in the form of advance tax, self-assessment tax, tax deducted at source, foreign tax credit, etc. Given below is an illustration showing when and how a refund arises.

Particulars	Amount (in Rs)
Income (A)	XXXXX
Gross tax liability on (A) above – (B)	XXXXX
Less: Foreign tax credit	XXXXX
Net tax liability	XXXXX
Add: interest on tax liability (234A, B and C)	XXXXX
Aggregate tax liability	XXXXX
Less: Taxes paid (C) (Advance tax, Tax deducted at Source (TDS), Tax collected at source (TCS) and Self assessment tax)	XXXXX
Tax payable (If B > C)	XXXXX
Tax refund (If B < C)	XXXXX

Certain key points as regards refund have been discussed in this article under the following heads:

1. The process to claim an income tax refund
2. Early processing of return leads to early refund receipt
3. What to do if a refund is not processed at CPC

4. Interest on income tax refund
5. How to check Income-tax refund status?
6. Adjustment of refund against outstanding demand
7. Beware of scam emails

1. Process to claim an income tax refund

There is no separate procedure as such in order to claim an income tax refund due to you. You can claim a tax refund by simply filing the return of income in the usual manner. Ensure your return is electronically verified through aadhaar number OTP, EVC generated through a bank account, or physically verified by posting the signed ITR-V (acknowledgment) to Centralised Processing Centre (CPC) within 120 days of filing the return.

2. Early processing of return leads to early refund receipt

No doubt, a taxpayer has a time limit of 30 days from the date of return filing to verify his return. The earlier you get the verification done, the earlier CPC will process your return. Once the returns are processed by CPC at the primary level for arithmetical errors etc, a refund will be issued to the taxpayer. If verification of return itself is delayed, processing of return and issue of refund too will be delayed. Further, e-verification is faster compared to physical verification.

3. What to do if refund is not processed at CPC

Many a time, it is possible that your return may not have been completely processed by CPC for some reason and no refund is issued to you. Please note that taxpayer's records, for every assessment year, are transferred to the jurisdictional assessing officer by CPC after a particular time period. An intimation will be sent to the taxpayer informing the same. Once files are transferred to the assessing officer, one can follow up for a refund by submitting a letter in this regard to the jurisdictional assessing officer and follow up

personally at regular intervals.

4. Interest on income tax refund

You might have noticed in many cases that the refund amount received by you is slightly higher than the refund amount claimed in your income tax return. This difference represents interest on an income tax refund. This is payable by the income tax department mandatorily if the refund is 10% or more of tax paid. Section 244A deals with interest on income tax refund and provides for interest at the rate of 0.5% per month or part of the month on the refund amount. Such interest shall be calculated from April 1st of assessment year till the date of grant of refund if a refund is due to excess advance tax paid or TDS. In case of any discrepancy in the interest computation, you may raise an online request for rectification of the same by log-in to your account.

5. How to check Income-tax refund status?

You can check your refund status online by using the below procedure:

- Access the refund page.
- Enter PAN, relevant assessment year, and captcha image and click on 'submit'
- If your refund due has been determined on or before 31st March 2023, please visit the Protean (NSDL) website at <https://tin.tin.nsdl.com/oltas/servlet/RefundStatusTrack> to check your refund status. The refund determination date can be checked at the [e-Filing portal](#) under "e-File – Income Tax Returns – View Filed Returns – Processed with refund due".
- If your refund due date has been determined after 31st March 2023, then visit <https://eportal.incometax.gov.in/iec/foervices/#/know-refund-status/user-information> for checking your refund status. The refund determination date can also be

checked at the [e-Filing portal](#) under “e-File – Income Tax Returns – View Filed Returns – Processed with refund due”.

- You will see the Refund Status displayed on the next screen
- You can also access the Refund payment details reflected in Form 26AS in the ‘Tax credit statement’.
- If your refund has been determined recently, please wait for some days as it takes some days to credit the refund in your bank account.

If you want to know more, you can go through this detailed article on checking tax refund status online in our article [‘OLTAS payments and refunds’](#)

6. Adjustment of refund against outstanding demand

Department may not pay you all the refunds due to you. If at all you have taxes due for any of the previous years and a refund due to you in another year, the income tax department may adjust the refund accordingly. However, the department cannot do so without giving the taxpayer an opportunity to explain why such an adjustment should not be done. So, the tax department must send you an intimation under Section 245 regarding its intention of adjustment along with instructions on possible ways for you to respond to the notice. Section 245 allows the taxpayer 30 days time limit to respond. In case of no response to the notice within the prescribed time limit, the department can go ahead with the adjustment as per the notice. In case you disagree with the tax demand raised in the notice for any reason such as incorrect computation, the omission of certain deductions or TDS, etc, you may respond to it online by following the instructions provided in the notice in 30 days.

7. Beware of scam emails

Taxpayers can receive plenty of scam emails regarding income

tax refunds along with requests to share their bank account details over an email for processing the refund. Please be careful of such emails and note that the income tax department never asks for bank details over an email. They already have these details, already provided by you in your returns. So, make sure you exercise sufficient caution. In essence, you should always check the status of your ITR after filing and verification. Also, make sure if you feed-in appropriate bank account details in your return so that you receive a refund without undue delay and hassles. This refund is often a pleasant surprise for taxpayers and it can be seen as a chance to make extra savings that month.

Though all efforts have been made to ensure the accuracy and currency of the above article, the same should not be construed as a statement of law or used for any legal purposes or any litigation as legal and binding advice from Team KabraVaibhav. Team KabraVaibhav hereby expressly disowns and repudiates any claims or liabilities (including but not limited to any third-party claim or liability, of any nature, whatsoever) in relation to the accuracy, completeness, and usefulness of any information available through this article, and against any intended purposes (of any kind whatsoever) by the use thereof, by the user (whether used by user(s) directly or indirectly).

THIS ARTICLE IS FOR INFORMATION PURPOSE ONLY