

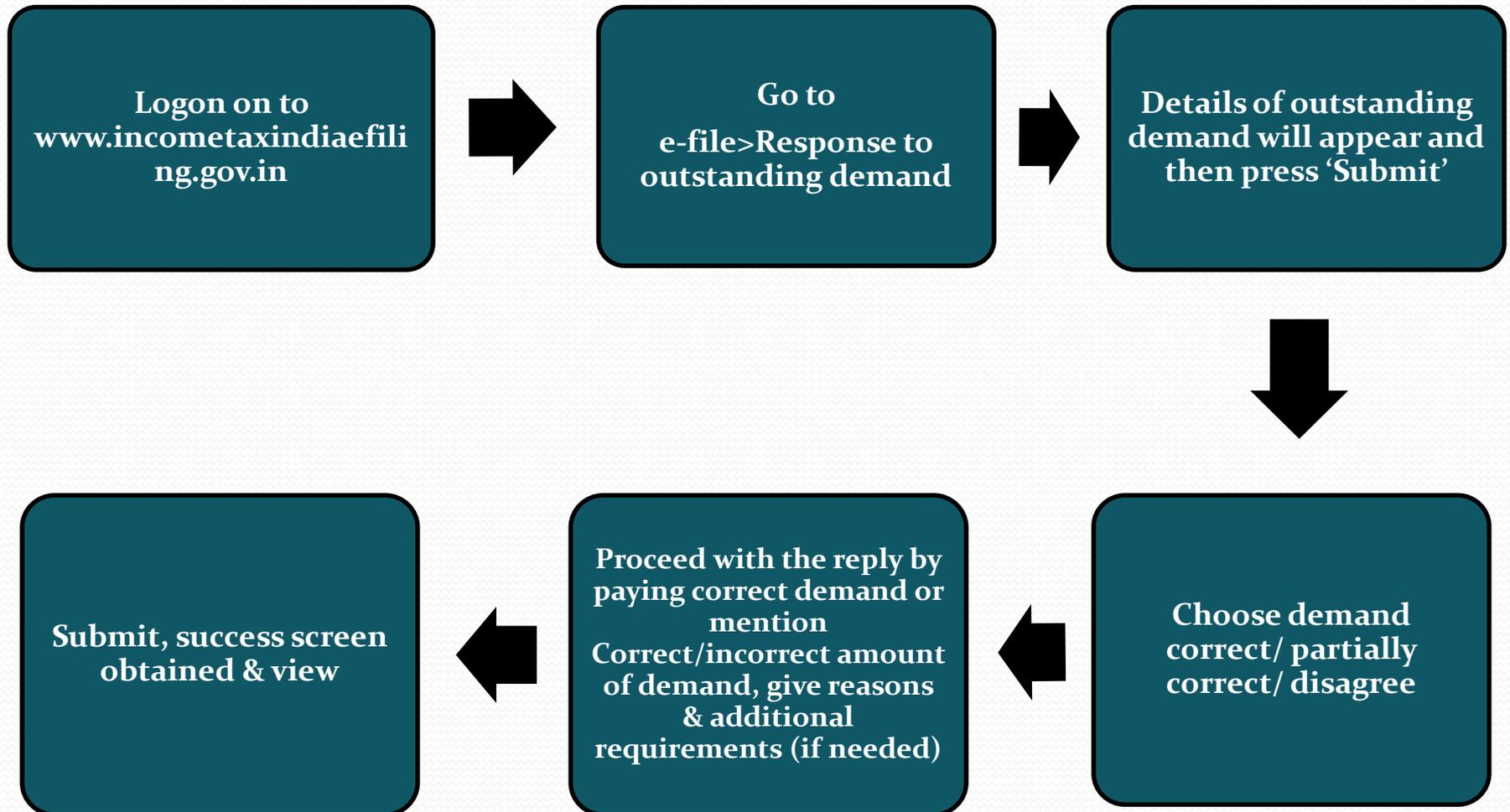
RESPONSES TO TAX DEMANDS IN ARREARS

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INTRODUCTION

- ❑ The CBDT vide INSTRUCTION NO. 4 OF 2014 (dated 7/4/14), inter-alia has already prescribed Standard Operating Procedure for Verification & Correction of Demand available or uploaded by AO's in CPC Demand Portal.
- ❑ Further, CBDT issued CIRCULAR NO. 8/2015 dated 14.05.2015 regarding "The procedure for response to arrear demand by tax payer & verification and correction of demand by AOs".
- ❑ Also, a facility has been made available to taxpayers on the E-filing website namely, www.incometaxindiaefiling.gov.in to provide online responses to such demands.
- ❑ The actions required to be performed by the taxpayer & the AO are being consolidated in this circular.

PROCEDURE TO RESPOND TO OUTSTANDING TAX DEMANDS



STEP 1 Login

LOGIN TO

www.incometaxindiaefiling.gov.in

**with your User ID
(PAN), Password
and Date of Birth/
Incorporation.**

Login

User ID *

Password *

Captcha Code _____

Image



Enter the number as in above
image *

[Forgot Password?](#)

New Users? [Register Now](#) | [Resend Activation Link](#)



[e-Filing Login Through NetBanking](#)

STEP 3 – View Outstanding Demand

If there exists any Outstanding Tax Demand as raised by the department (A.O./ CPC) then the details of Outstanding Demand will appear in the window.

Taxpayer has to press the 'Submit' button under Response column (as appearing in the image) for the respective AY in order to respond.

Response to Outstanding Tax Demand

Records are as per the data available at CPC, Bengaluru.
Date of Notice u/s 245 issued : 07/07/2015

Date of last refresh 09/07/2015 .

A.Y.	Section Code	Demand Identification Number (DIN)	Date on which demand is raised	Outstanding demand amount (₹)	Uploaded By	Rectification Rights	Response
2008-09	154	2010200810040443482T	26/10/2010	6435790	JURISDICTIONAL AO	ASSESSING OFFICER	Submit View
2011-12	1433	2013201110016630225T	08/02/2014	731770	JURISDICTIONAL AO	ASSESSING OFFICER	Submit View
2012-13	1433	2014201210013863301T	26/03/2015	7115260	JURISDICTIONAL AO	ASSESSING OFFICER	Submit View
2013-14	1431a	2014201310012249411T	12/03/2015	315550	JURISDICTIONAL AO	ASSESSING OFFICER	Submit View

Notes:

1. Kindly validate all the demands as per your records.
2. In case, you confirm "Demand is correct" then the demand will be taken up for adjustment against your refund.
3. In case, you "Disagree with demand", then please furnish details for disagreement along with reasons thereof.
4. Please contacts assessing officer or concerned Income Tax Authority for further details in case rectification has been sought or if any petition has been filed. To know your assessing officer, Log on

STEP 4 – Choose Option

The taxpayer has to select one of the following options from the radio buttons available

- ❖ Demand is correct
- ❖ Demand is partially correct
- ❖ Disagree with demand

Response To Outstanding Tax Demand

Response *

- Demand is correct
- Demand is partially correct
- Disagree with demand

Submit

Cancel

STEP 5 – Proceed With Reply

If Taxpayer selects **“DEMAND IS CORRECT”** then a pop up is displayed as –

“If you confirm ‘Demand is correct’ then you cannot ‘Disagree with the demand’”.

Click on Submit/OK.

- A success message is displayed
- ❖ if any refund is due, outstanding demand along with interest will be adjusted against the refund due.
 - ❖ In any other case, tax payer has to immediately pay the demand.

Response To Outstanding Tax Demand

Response *

Demand is correct
 Demand is partially correct
 Disagree with demand

Re

Rectification / Revised Return filed at CPC

Rectification filed with AO

Others

Submit Cancel

Message from webpage

 If you confirm 'Demand is correct' then you cannot 'Disagree with the demand'

OK

STEP 5 CONTD...

Response To Outstanding Tax Demand

Response *

- Demand is correct
 Demand is partially correct
 Disagree with demand

Amount which is correct *

10000

Amount which is incorrect

2000

Reasons*

- Demand Paid
- Demand already reduced by rectification / Revision
- Demand already reduced by Appellate Order but appeal effect to be given
- Appeal has been filed
- Rectification / Revised Return filed at CPC
- Rectification filed with AO
- Others

Submit

Cancel

If Taxpayer selects “DEMAND IS PARTIALLY CORRECT”, then two amount fields will appear -:

I. Amount which is correct- Enter the amount which is **correct**.

If the amount entered here is equal to the demand amount, then one pop is displayed “Since the amount entered is equal to outstanding demand amount, please select the option “Demand is correct”

Note: If amount entered is equal to Outstanding demand amount than user shall not be allowed to submit with this option.

II. Amount which is incorrect: Amount is auto filled which is the difference between the outstanding amount and Amount which is correct.

STEP 5 CONTD....

Response To Outstanding Tax Demand

Response *

Demand is correct

Demand is partially correct

Disagree with demand

Amount which is correct *

Amount which is incorrect

Reasons*

Demand Paid

Demand already reduced by rectification / Revision

Demand already reduced by Appellate Order but appeal effect to be given

Appeal has been filed

Rectification / Revised Return filed at CPC

Rectification filed with AO

Others

If amount entered is not equal to outstanding demand amount than user should mandatorily fill one or more reasons listed below:

- Demand Paid -
 - Demand paid and challan has CIN
 - Demand paid and challan has no CIN
- Demand already reduced by rectification/revision
- Demand already reduced by Appellate Order but appeal effect to be given
- Appeal has been filed
- Stay petition filed with
- Stay granted by (_____)
- Installment granted by (_____)
- Rectification / Revised Return filed at CPC
- Rectification filed with AO
- Others

STEP 5

CONTD....

Additional information required in various reasons chosen by the tax payer.

<input checked="" type="checkbox"/> Demand Paid	<input type="radio"/> Demand paid and challan has CIN <input type="radio"/> Demand paid and challan has no CIN
<input checked="" type="checkbox"/> Demand already reduced by rectification / Revision	Date of Order * <input type="text"/>  Demand after rectification/ revision <input type="text"/> Details of AO * <input type="text"/> Notes: Attachment should not exceed 50Mb. Upload Rectification / Giving appeal effect order passed by AO * <input type="button" value="Choose File"/> No file chosen
<input checked="" type="checkbox"/> Demand already reduced by Appellate Order but appeal effect to be given	Date of Order * <input type="text"/>  Order passed by * <input type="radio"/> CIT(Appeals) <input type="radio"/> ITAT <input type="radio"/> High Court <input type="radio"/> Supreme Court Reference Number of Order * <input type="text"/>
<input checked="" type="checkbox"/> Appeal has been filed	<input type="radio"/> Stay petition filed with <input type="radio"/> Stay granted by <input type="radio"/> Instalment granted by
<input checked="" type="checkbox"/> Rectification / Revised Return filed at CPC	Filing Type* <input type="radio"/> Rectified <input type="radio"/> Revised E-Filed Acknowledgement No* <input type="text"/> Remarks <input type="text"/> Notes: All the attachments together should not exceed 50 Mb. Upload Challan Copy <input type="button" value="Choose File"/> No file chosen Upload TDS Certificate <input type="button" value="Choose File"/> No file chosen Upload Letter requesting rectification copy <input type="button" value="Choose File"/> No file chosen Upload Indemnity Bond <input type="button" value="Choose File"/> No file chosen
<input checked="" type="checkbox"/> Rectification filed with AO	Date of Application* <input type="text"/>  Remarks <input type="text"/>
<input checked="" type="checkbox"/> Others	Others* <input type="text"/>

STEP 5

CONTD....

REASONS SELECTED	ADDITIONAL DETAILS REQUIRED
Demand paid & challan has CIN	BSR code
	Date of payment
	Serial number
	Amount
	Remarks
Demand paid and challan has no CIN	Date of payment
	Amount
	Remarks
	Upload copy of challan
Demand already reduced by rectification/ revision	Date of order
	Demand after rectification / revision
	Details of AO
	Upload rectification/ giving appeal effect order passed by AO

STEP 5

CONTD....

REASONS SELECTED	ADDITIONAL DETAILS REQUIRED
Demand already reduced by appellate order but appeal effect to be given	Date of order
	Order passed by
	Reference number of order
	Demand after appeal effect
Appeal has been filed: stay petition has been filed	Date of filing of appeal
	Stay petition filed with
Appeal has been filed: stay has been granted	Date of filing of appeal
	Stay granted by
	Upload copy of stay
Appeal has been filed: installment has been granted	Date of filing of appeal
	Installment granted by
	Upload copy of stay/ installment order

STEP 5

CONTD....

REASONS SELECTED	ADDITIONAL DETAILS REQUIRED
Rectification / revised return filed at CPC	Filing type
	E-filed acknowledgement No.
	Remarks
	Upload challan copy
	Upload TDS certificate
	Upload letter requesting rectification copy
Rectification filed with AO	Upload indemnity bond
	Date of application
Others	Remarks
	Others

STEP 5

CONTD...

Response To Outstanding Tax Demand

Response *

- Demand is correct
 Demand is partially correct
 Disagree with demand

Reasons*

- Demand Paid
- Demand already reduced by rectification / Revision
- Demand already reduced by Appellate Order but appeal effect to be given
- Appeal has been filed
- Rectification / Revised Return filed at CPC
- Rectification filed with AO
- Others

Submit

Cancel

If Taxpayer selects "Disagree with the Demand" , then the taxpayer must furnish the details for disagreement along with reasons.

Reasons are the same as provided under "Demand is partially correct".

STEP 6 – SUBMIT, DISPLAY, VIEW

- ❑ Taxpayer has to fill the necessary details as mentioned in steps above and then click on “Submit” button.
- ❑ Once the response is submitted, the success screen displays along with the Transaction ID.
- ❑ The image displays the success message.



Response To Outstanding Tax Demand



Your Outstanding Tax Demand response has been successfully submitted and the Transaction ID is : 1000222615
In case of any queries, please contact 1800 4250 0025.

STEP 6

CONTD....

❑ Taxpayer may want to view the response submitted for that he/ she can click on the 'View' link under 'Response column'. The following details are displayed:

- 1) S. No.
- 2) Transaction ID – A hyper link
- 3) Date of Response
- 4) Response Type

Response To Outstanding Tax Demand

S.No.	Transaction ID	Date of Response	Response Type
1	1000222555	03/12/2014	Disagree with demand

Back

❑ Taxpayer can click on the Transaction ID to know further details of the response submitted. Just as in the picture.

The screenshot shows the 'View Response Details' page for a transaction ID of 1000222555. The page displays a table with the response type 'Disagree with demand' and a detailed remark about a rectification filed with the Assessing Officer (AO).

Rectification filed with AO	
Date of Application (DD/MM/YYYY)	29/06/2015
Remarks	The Rectification has been filed to AO. tax demand of Rs.315550/- has been raised . However, in the 26AS entire tax credit are duly reflected ,the same is under consideration of AO.

OTHER POINTS TO BE CONSIDERED

- For the demand against which there is “No Submit response option” available such demand is already confirmed by the Assessing Officer. You have to contact your Jurisdictional Assessing officer for rectification if needed.
- Interest demand u/s 220(2) is linked to the principal demand of the same assessment year. This indicates that principal demand is already adjusted/ paid and interest demand is the only outstanding value. Hence it does not require any confirmation.
- Where the tax payer has not registered on the income tax department’s e- filing website- www.incometacindiefiling.gov.in , he may do so to get details of outstanding demand and also to submit any response.
- Wherever the taxpayer finds it difficult to access income tax department website, he or she may make necessary application to the assessing officer along with the above referred details as applicable in this case.
- It is mandatory to respond to the outstanding demand appearing in the e-filing portal otherwise the demand will be adjusted with any subsequent refund due to the tax payer. Further the department may also, initiate proceedings to recover the outstanding demand amount.
- Validation of all the demands as per tax payer’s records is mandatory.
- To request for resending of intimation order by CPC, one has to select ‘My Account’> ‘Resend of intimation request’.

REFUND OF INCOME TAX

**ITS RELATION WITH OUTSTANDING
TAX DEMAND**

SECTION 245

Section 245 of the Act empowers and authorizes the Assessing Officer to adjust tax refunds against outstanding tax demands and arrears. An extract from the section is such that - :

“Where under any of the provisions of this Act, a refund is found to be due to any person, the Assessing Officer, Deputy Commissioner (Appeals), Commissioner (Appeals) or Chief Commissioner or Commissioner , as the case may be, may, in lieu of payment of the refund, set off the amount to be refunded or any part of that amount, against the sum, if any, remaining payable under this Act by the person to whom the refund is due, after giving an intimation in writing to such person of the action proposed to be taken under this section.”

THE NOTICE U/S 245

Post Bag No.1, Electronic City Post Office, Bangalore-560100

पोस्ट बैग १, इलेक्ट्रॉनिक सिटी पोस्ट ऑफिस, बंगलोर - ५६०१००

Telephone: 18004252229 (Toll Free) 080-22546500

	Name & Address SO DES 4 MAHAL 4 ROAD KARNATAKA 000020		नाम और पता सौ देस ४ महल ४ रोड कर्नाटक ००००२०	
	ITR Form Type आई टी आर प्रकार	PAN रवायी खाता संख्या ACCPC8888C	Assessment Year निर्धारण वर्ष 2013-14	Communication Reference No. पत्र संदर्भ संख्या CPC/1111/G8/1111133333
Related CPC Reference No and Order Date: पत्र संदर्भ संख्या व पत्र / आदेश की तिथि			Date of Communication संकेत की तिथि 30-01-2014	

Dear Sir/Madam,

Subject: Intimation under section 245 of Income Tax Act, 1961

Please refer to the return of income filed by you for PAN ACCPC8888C for Assessment Year 2013-14 vide acknowledgement no. 699955510000700 dated 28-07-2013

The Refund determined during processing is being adjusted against the outstanding demands. The details of demand are given in the table annexed.

In case of any clarifications/discrepancies with respect to the outstanding demands mentioned, kindly contact your jurisdictional Assessing Officer within 15 days, as CPC will not be able to carry out any modification/rectification with respect to these demands.

- To know the details of your Jurisdictional AO, please log on to <https://incometaxindiaefiling.gov.in> and click on "Know your Jurisdictional AO" under "SERVICES" menu.

If Demand is shown to be uploaded by CPC, please contact your jurisdictional Assessing Officer for rectification of the same, as the rectification rights have been transferred to the Jurisdictional Assessing Officer.

Kindly note that after 30 days of sending this intimation, the outstanding demand **as on that date** will be considered for adjustment.

This notice u/s 245 is a two page document, the first page is an Intimation which is illustrated here.

THE NOTICE U/S 245

CONTD....

The second page of the notice under section 245 gives the Income tax outstanding demand breakup as illustrated in the image below:

PAN: रथायी खाता संख्या ACCPC8888C	Assessment Year: निर्धारण वर्ष 2013-14	Communication Reference No. पत्र संवर्ग संख्या CPC/1111/G8/111113333
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SL.No	PAN	The Outstanding demand pertains to the AY #	Demand Raised under section	DIN*	Demand Raised Date	Demand outstanding	Demand Uploaded By
1	ACCPC8888C	2006	143(1)	2010200650056100134T	14-01-2008	157406	DCIT/ACIT CIRCLE 14(1)
2	ACCPC8888C	2008	1433	2010200811111172645T	31-08-2010	6010	JURISDICTIONAL AO

#. 2009 implies Assessment Year 2009-10, AY 2010 implies Assessment Year 2010-11 and so on.

*DIN : Demand Identification Number

** : Indicates interest computed u/s 220(2). This interest u/s 220(2) is liable to be computed till the date of payment/adjustment of this demand.

Any payment with respect to outstanding demand should be paid using minor head code "400" only.

PROCEDURE TO RESPOND TO REFUND

Income tax department issues notice under section 245 to a taxpayer for adjusting income tax refund against the outstanding demand made by A.O. or CPC.
The taxpayer can reply for the same in following manner:

Ascertain nature of outstanding demand against which refund is being adjusted

Ascertain who uploaded the demand (A.O. / CPC)

File rectification to A.O./ CPC

Submit response online

File online grievances/ complaint to IT ombudsman

FILING OF RECTIFICATION APPLICATION

If Demand is uploaded by CPC follow these steps:

- Tax payer shall search for an intimation received u/s 143(1) from CPC.
- If one doesn't find intimation, one can make request for intimation through income tax e-Portal (My Account > Request for intimation u/s 143(1)/154)
- The intimation u/s 143(1) will have two columns showing tax determined by tax payer's return & that by department. Compare the two columns to ascertain the reasons for demand (e.g. mismatch of tax credit).
- If one doesn't agree with the tax computation determined by CPC, file online rectification.

□ If Demand is uploaded by AO follow these steps:

- Contact the concerned Assessing Officer. Details of the Jurisdictional AO can be obtained from www.incometaxindiaefiling.gov.in ('Services' > 'Know Your Jurisdictional AO')
- Visit concerned officer and find out the reason for demand.
- If tax payer does not agree with the demand, file application for rectification u/s 154 of income tax Act along with documentary evidence in support of one's claim.

GRIEVANCE REDRESSAL

In case, the tax payer is not satisfied with the processing or the action taken then he/ she may :

❑ **File Online Grievances :**

If you are not satisfied with processing of Original/rectification return by Central Processing Center (CPC) you have option to file online grievances. The facility is provided to the tax payer to submit Grievances relating to the CPC in the e-Filing portal. After Login, select Helpdesk -> Submit Grievance-> CPC then from the drop down select Assessment Year, category and sub category of the grievance.

❑ **Complaint to the Income Tax Ombudsman:**

If you are not satisfied with the action taken by the CPC/AO, you have another option to file complaint to the income tax ombudsman.

PRESS RELEASE

CBDT Issued Detailed Guidelines for Laying Down SOP for Verification/Correction of Arrear Tax Demand Dated 19-April-2014

- Detailed instructions have been issued by the Central Board of Direct Taxes (CBDT) to all the assessing officers laying down a Standard Operating Procedure (SOP) for verification and correction of demand by the AOs.
- As per this SOP, the taxpayers can get their outstanding tax demand reduced/deleted by applying for rectification along with the requisite documentary evidence of tax/demand already paid. The SOP also makes special provisions for dealing with the tax demand upto Rs. 1,00,000/- in the case of Individuals and HUFs in order to accommodate certain extra ordinary situations
- The CBDT has further noted that many taxpayers are committing mistakes while furnishing their tax credit claims in the return of income. Such mistakes include quoting of invalid/incorrect TAN; quoting of only one TAN against more than one TAN tax credit; furnishing information in wrong TDS Schedules in the Return Form; furnishing wrong challan particulars in respect of Advance tax, Self-assessment tax payments etc.

PRESS RELEASE

CONTD....

- As a result of these mistakes, the tax credit cannot be allowed to the taxpayers while processing returns despite the tax credit being there in 26 AS statement. The CBDT, therefore, desires the taxpayers to verify if the demand in their case is due to tax credit mismatch on account of such incorrect particulars and submit rectification requests with correct particulars of TDS/tax claims for correction of these demands.
- The rectification requests have to be submitted to the jurisdictional assessing officer in case the return was processed by such officer, or the taxpayer is informed by CPC, Bangalore that such rectification is to be carried out by Jurisdictional assessing officer. In all other cases of processing by CPC, Bangalore, an online rectification request can be made by logging in to e-filing website <http://incometaxindiaefiling.gov.in> as per the procedure given in detail in its Help Menu.

ISSUE: STAY BEYOND 365 DAYS

- Tax payers were facing great difficulty as to the fact that rectification with reference to arrear demands was not carried out by the Assessing Officer after the period of four years as it is the period limitation for rectification in law.
- Thus, the Central Board of Direct Taxes realizing the difficulties issued circular 4/2012 dated 20.6.2012 wherein they have authorized the Assessing Officers to make appropriate corrections in the figures of such disputed arrear demands after due verification/reconciliation and after examining the same on the merits, whether by way of rectification or otherwise, irrespective of the fact that the period of limitation of four years as provided under section 154(7) of the Act has elapsed.
- In view of the clarification and the detailed circular issued by the Central Board of Direct Taxes, the tax payers in situations where they find that the Central Processing Centre has deducted from the refund due the wrong portion of disputed tax demand, in such situation the assessee should now contact their Assessing Officer and request the Assessing Officer to carry out rectification even if the time limit has lapsed in view of these guidelines issued in the circular.

[2013]31TAXMANN.COM31 (DELHI) COURT ON ITS OWN MOTION V. CIT

- In this case Delhi HC issued an order to the Income Tax department to follow the procedure of issuing notice u/s 245 to the taxpayer and giving him sufficient time to respond.
- In response to a Public Interest Litigation regarding difficulties faced by the assessee after computerization and central processing of income tax returns, seven mandamus were issued namely (i) maintenance of register for receipt and disposal of rectification applications under section 154; (ii) procedure prescribed under section 245 to be followed by CPC before making adjustment of refund payable with existing demand; (iii) past adjustments, where procedure under section 245 had not been followed; (iv) interest under section 244A to be allowed when assessee is not at fault; (v) un-communicated intimation under section 143(1); (vi) verification and correction of unverified TDS in Form 26AS and unmatched the challans, within a time period to be fixed; (vii) credit of TDS to an assessee when tax deducted has been deposited with revenue but incorrect particulars have been uploaded by the deductor.

CIRCULAR NO. 8/2015***

**PROCEDURE FOR RESPONSE TO ARREAR DEMAND BY
TAXPAYER AND VERIFICATION AND CORRECTION OF
DEMAND BY AOs**



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