आयकरनिदेशालय (पद्धति)
DIRECTORATE OF INCOME TAX (SYSTEM)
एआरएसेंटर,भू-तल,ई-2 झंडेवालानएक्स
ARA Center, Ground Floor, E-2, Jhandewalan Extension,
नईदिल्ली – 110055, **New Delhi – 110055**

F.No.System/ITBA/Instruction/ITR/2017-18/   **Dated:08/11/2017**

To

All Principal Chief Commissioners of Income-tax/ CCsIT (By Name)
All Principal Director General of Income Tax / DGsIT (By Name)
All Principal Commissioner of Income-tax/CsIT/CsIT(Admin & CO) (By Name)

Subject: ITR Processing u/s 143(1) - Income Tax Business Application (ITBA) – Paper ITR validation and OTP functionality for Refunds arising out of paper ITR Processing – Reg.

Sir/Madam,

Kindly refer to ITBA-ITR Processing Instruction **No.1 dt 30.03.2017** where details were provided for roll out of processing u/s 143(1) of Paper ITRs 1, 2, 2A & 4S of AY 2016-17 in ITBA. The salient feature of the ITR processing module is that after data entry of the ITR in ITBA by the AO, the entire processing will be automatically done at CPC-ITR, with no further intervention by the AO, including computation of tax and interest, issue of intimation u/s 143(1) to taxpayer, posting of demand etc. The result of processing including copy of the intimation sheet will be available in ITBA for view by AO. This will bring the processing of paper ITRs on par with processing of E-filed ITRs. Necessary jurisdiction for processing paper ITRs has been granted to CPC-ITR vide Notification **No. 16/2017/F.No.187/3/2017-ITA-I dated 22.03.2017** (Attached).

2.   Since then a large number of paper ITRs have been digitized by the field. Some of these returns have resulted in refunds. It may be noted that except in few cases **(super-senior citizens)** all refund returns have to be electronically filed.

3.   However, from the data of paper returns digitized by assessing officers and pushed to CPC-ITR for processing, it was observed that :
   a) Manual paper return with refund claims have been filed by assessees other than super senior citizens

b) Manual paper returns were filed without refund claims and after processing refund is determined in some cases. This is mainly due to tax calculation error by taxpayer or non-claiming of rebate u/s 87A.

c) Manual paper returns were filed declaring no refund no demand and after processing, demand is determined in some cases. This is mainly due to tax calculation error by taxpayer or mismatch of pre-paid taxes.

4.   With respect to procedure to be adopted in such situations, the matter was taken up with CBDT.   After obtaining the CBDT's approval the following steps need to be observed before processing such manual paper returns.

(a) As per Rule 12 of IT Rules 1962, the taxpayer is required to file return electronically if there is refund claim except in some cases of super senior citizens. Therefore, such returns are not filed in the mode and manner prescribed in Rule 12 of IT Rules 1962. In such cases, the paper returns are not valid returns and taxpayers should be intimated accordingly and advised to submit ITR electronically. The paper return will be treated as invalid.

(b) Where when assessee has not claimed refund in the return (NDNR cases) but refund is determined after processing then such ITRs are treated as valid under Rule 12 of IT Rules 1962 and such ITRs should be processed and refund issued. If such cases are digitized and pushed to CPC-ITR for processing, the AO will be asked to re-confirm if the data entry in paper ITR is correct and also to confirm the refund computed before processing u/s 143(1) is completed if the refund amount is greater than Rs 2,000. Such confirmation will be through electronic mode as mentioned in para 5 below.

(c) Where the assessee has submitted the paper return as NDNR but demand is determined after processing due to mismatch in pre-paid tax due to invalid/incorrect TAN, lack of TDS in 26AS or any other reasons, such ITRs are to be treated as valid under Rule 12 of IT Rules 1962 and such ITRs should be allowed to be processed and demand generated. AO may be asked to confirm if the data entry in paper ITR is correct and also confirm the demand computed through e-mode, before processing u/s 143(1) is completed. In case of data entry error, the AO can correct the data and resend the record to CPC-ITR for processing.(This functionality will be available soon)

5.   In order to complete the process, now, a new One Time Password (OTP) functionality is being hereby rolled out for enabling the processing and issuance of refunds arising out of such ITRs. It is hereby made clear that this functionality is only for those ITRs where in computation will result in refund after processing of returns. Therefore, this functionality requires the AO to confirm an OTP (that would be sent to

the official mobile by SMS) on ITBA for completing the processing and issuing refunds in paper ITRs which are pushed by ITBA to CPC-ITR for processing.

6.   The AOs need to ensure that the details of their official mobile number available in ITBA-HRMS module are correct. If the same is not available or not correct, the AO needs to update the same by navigating through the following path

    Main Menu ---> Workforce Administration -->   Employee Administration ---> Modify an Employee --->Contact Information.

7.   Once the details are entered or updated, the confirmation of refund cases can be done in manner provided below.

    (i)   The returns are digitized in ITBA and submitted for computation to CPC-ITR by user.

    (ii)   Returns which result in refund of less than/equal to Rs.2,000 will be processed by CPC-ITR without any requirement of OTP confirmation by AO. Accordingly, the CPC-ITR will   send the intimation to taxpayers through email (if available) or through speed post (as followed in case of e-returns)

    (iii)   The returns which result in refund above Rs.2,000 will be displayed in ITBA by CPC-ITR for confirmation by AO. The status of such returns will be marked as "Pending for Refund confirmation by AO".

    (iv)   In such cases, OTP will be generated in ITBA. Such cases can be viewed by the user from View RRR Entries. On click of View/proceed for data entry, user can view the system computed values in Part-B-TI and TTI.

    (v)   User can verify the system computed values/refund amount and enter the OTP received on his official mobile number and click Approve Refund. System generated OTP is valid for **24** hours. In case the OTP expires, the user can re-generate the OTP using the facility available in ITBA.

    (vi)   Once the user confirms the refund details by entering OTP, CPC-ITR will process the return and send intimation to taxpayer through email or speed post. Copy of the intimation will also be transferred to ITBA for viewing of same by the AO.

    (vii)   The Assessing Officer shall also record the OTP on the Paper ITR for record purposes and for Audit as an confirmation of the validity of the refund claim/processing.

    (viii)   In case the AO do not agree with the refund amount for the reason that there was a data entry error while digitizing the return, he may reject the same by clicking the 'Reject' Button. On doing this, the status of the paper

return will be reverted to 'Pending for data entry'. The user can then make changes in the return data and re-submit it to CPC-ITR for computation. (This will be released shortly)

(ix) If the AO has any doubt regarding computation of income or tax or interest resulting in refund etc then he can raise a complaint with CPC-ITR on email aocpchelp@incometax.gov.in as well as on ITBA helpdesk .It is clarified that unless the OTP is entered by the user on ITBA, the processing of return will not be completed by CPC-ITR.

(x) The functionality of OTP will be available for paper ITRs processed by CPC-ITR and e-filed returns pushed to AOs by CPC-ITR for processing.

8.   Similarly, if demand more than Rs 10,000 is determined after processing such returns, an OTP will be generated. The AO has either to confirm the demand or resubmit the return after editing the data(e.g. wrong data entry made in TDS or TAN leading to wrong demand) as per the procedure explained in Para 5 (in respect of refund over Rs 2000). This functionality will be released shortly.

9.   As per the statistics available with this office as on 31.10.2017, about 6,57,895 paper returns for AY 2016-17 have been received by the field formations across the country. Out of these, it is seen that 4,43,777 returns have been digitised on ITBA. Further, only 1,46,205 returns have been submitted to CPC-ITR for processing. Therefore, all returns may be digitised and submitted for processing expeditiously.

10.   This functionality is applicable for the AY 2016-17 onwards. Training material including user manual, help content and frequently asked questions (FAQs) are available on the ITBA Portal → Online Training on ITBA. Users can click on the online training functionality to access the following: User Manual, Step by Step, Frequently Asked Questions, and a Power Point Presentation to understand how to view the return.

11.   Users are advised to contact helpdesk in case of any issues in respect of theITBA.

   a. URL of helpdesk - http://itbahelpdesk.incometax.net
   b. Help desk number – **0120-2811200 (new)**
   c. Email ID –itba.helpdesk@incometax.gov.in
   d. Help desk Timings – 8.30 A.M. – 7.30 P.M. (Monday to Friday)

Yours sincerely,

(Ramesh Krishnamurthi)
Addl.DG(S)-3, New Delhi.

Copy to:

1. The P.P.S to Chairman, Member(L&C),Member(Inv.),Member(IT), Member(Rev.), Member(A&J)& Member(P&V),CBDT for information.
2. The P.S. to Pr.DGIT(S) for information.
3. The Web Manager, of www.irsofficersonline.gov.in website with the request to upload the Instruction.
4. ITBA Publisher (ITBA.Publisher@incometax.gov.in) for https://itba.incometax.gov.inwith the request to upload the Instruction on the ITBA Portal.

(Ramesh Krishnamurthi)
Addl.DG(S)-3, New Delhi