Summary of Recommendations

❖ **On incidence of refunds in company cases**   (Paragraph 2.4)

- We recommend that the Ministry conducts an analysis of high value refunds to identify pockets of high incidence.

❖ **On increasing pendency of refund claims**   (Paragraph 2.9)

- We recommend that the Ministry reviews the gaps in automation which are impeding the clearance of refund claims.

❖ **On internal control and monitoring mechanism...**
    (Paragraphs 3.3, 3.5, 3.21, 3.22, 3.24, 3.29, 3.30)

- We recommend that the controls effected in the manual system may not be lost in automation. This will strengthen the MIS also.

- We recommend incorporation of an online auto-reconciliation feature in the system for every cheque issued.

- We recommend that the Ministry identifies the risks during migration and the steps that would be needed to mitigate the risks.

- We recommend that since automation captures the flow of the income tax return after its receipt, the automation system should be able to generate jurisdiction-wise report of pending refunds leading to effective control.

- We recommend that the Department undertakes clearance of legacy data and improving the fidelity of the data on priority basis. This will also encourage the AOs to use the system and thus promote the integration of automation into regular assessment proceedings.

- We recommend that pending full use of AST for all the assessment work, the results of all types of assessments viz., summary, scrutiny, rectification, revision etc. be posted mandatorily in the AST module. This will help the AOs to verify the arrears of demand and refunds issued earlier.

❖ **On assessment of timeliness in disposal of refund claims...**
(Paragraphs 4.5, 4.9 and 4.10)

• We recommend that the monthly monitoring should capture the delays in the stage of processing, which our analysis shows, was the biggest bottleneck. The monitoring process should also capture the reasons for pendency in order to flag the deviations from the procedure by AOs.

❖ **On enhancing taxpayer satisfaction...** (Paragraphs 3.14 and 4.5 to 4.8)

• We recommend that the Ministry may consider setting up a mechanism to filter refund claims of senior citizens in CPC/dedicated processing units for priority processing. The monitoring process should also capture pendency in the claims of senior citizens separately in order to alleviate inconvenience caused to them.

• We recommend that in order to enhance transparency, refund claims should be processed in chronological order. The process can be made more transparent by displaying the status of the claim on the departmental website.

• We recommend that the departmental staff are sensitized to perceive themselves as service providers working towards customer satisfaction. This may be integrated into the training programmes and seminars/workshops organized in the Department.

❖ **On accuracy of advice...** (Paragraphs 5.1 and 5.3)

• We recommend that the different mechanisms and controls offered by the ITD applications towards reconciliation of the demands should be properly utilized during processing of the refunds.

• We recommend that the responsibility of the staff members may be clearly fixed in case of material arithmetical error. This will help in reducing such avoidable errors.