

PORTFOLIO

What to expect after filing returns

Mukesh Kumar Swetha | Updated on January 24, 2021



Be on the lookout for intimations from the Tax Department

Arjun filed his income-tax return (ITR) in July 2020 by himself, paid the taxes due and was so delighted that he had discharged his civic responsibilities that he added the 'Proud Filer' badge to his Facebook profile. In January 2021, he received a demand of Rs. 5 lakhs for not

responding to several notices received from the tax department. He approached his tax adviser, Krishna who guides him on the general steps to be taken after filing the ITR.

Arjun: What is the first thing I should do once I file the ITR?

Krishna: After the ITR is filed, it should be e-verified, or a self-attested copy of the ITR-V (acknowledgement) should be sent to the Central Processing Centre, Bangalore within 120 days, failing which it shall be treated as an invalid return.

Arjun: What are the initial notices sent by the department?

Krishna: If the ITR is not accompanied by relevant forms or income proofs (as per Form 26AS),, then the ITR may be treated as defective and notice under Section 139(9) will be sent requesting you to rectify the defect. You can respond by logging into the e-filing portal. If you agree to the defects, a corrected ITR should be filed.

If not, the reasons for disagreeing should be submitted. If you do not respond within the given time, the ITR would be considered invalid.

When there are arithmetical errors or inconsistent information across forms etc., a notice under Section 143(1)(a) is sent, requesting you to respond within 30 days. You can respond by clicking on the 'e-Proceedings' tab and selecting the appropriate notice. If you do not agree to the adjustment, you can select 'Disagree' and provide reasons.

Arjun: Should I respond to an intimation order?

Krishna: Upon processing of the ITR, the department issues an intimation order under Section 143(1). The intimation order shows a comparison of income reported by you and the one computed by the

department. You should check if the amount computed by the department matches with the ITR filed. If there are no differences, it means that the return was processed without any errors and no action is required to be taken in such a case.

If the return is processed with certain differences with additional demand, the same can be addressed by clicking on the 'e-File tab', selecting 'Response to Outstanding Demand' and then selecting suitable option listed. If you agree with the demand, the tax has to be paid online. If you do not agree with the demand (either partially or completely), relevant reasons and documents can be submitted.

Arjun: How is a refund processed?

Krishna: Once the ITR is processed, the refund is issued after checking for outstanding demand if any, from earlier years. If there is an outstanding demand, a notice under Section 245 is issued to adjust the refund due. If the demand details are correct, you can agree to such adjustment.

If not, you can disagree and furnish relevant reasons. The response should be filed within 30 days of receipt of notice, failing which the outstanding demand will be adjusted against the refund. If status of refund is "paid", you can check if the refund credited is appropriate along with interest, if any. If the status of refund is "unpaid", it means the refund was processed but not credited to the bank account due to incorrect account details, non-linking of PAN with bank account, etc. On rectifying these issues, you can submit a refund reissue request by clicking 'Refund Reissue Request' in 'My Account'.

Arjun: Is there anything else I should be aware of?

Krishna: In the current digital era, most of the correspondences shared by the department are via email or SMS. It is, therefore, imperative to provide correct and active contact details so that these critical intimations are not missed. Further, it is important to respond to the intimations in a timely manner to avoid any adjustments or demand.

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Published on January 24, 2021