

Income tax refund delayed? These taxpayers won't get refund unless they confirm it on ITR portal

By Neelanjit Das, ET Online Last Updated: Sep 06, 2024, 01:27:00 PM IST

Synopsis

Income tax refund: No tax refund for identified taxpayers because their income tax return (ITR) has been identified by the 'Risk Management System (RMS) of the Income tax department. If your ITR is among the identified ITRs then no refund will be issued, unless you confirm it or file a revised ITR to fix the highlighted issue.



Getty Images

While you may have filed your [income tax return \(ITR\)](#) and verified it also, it may not be sufficient to ensure that you get your [tax refund](#) on time as it may depend on many other factors.

No tax refund for 'these' taxpayers unless they confirm it on the e-filing ITR portal

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Before the [tax department](#) issues a refund, certain checks and balances must be met. One such measure is the '[Risk Management System](#) (RMS),' which the [tax](#) department employs to identify ITRs that may warrant further scrutiny. If your ITR has been identified by the tax department's RMS, then an intimation will be sent to your email address. You can also view this intimation on the e-filing portal (steps to view are given below).

Once the tax department's RMS has identified your submitted and verified ITR, it will not be processed until you fix the issue. In the worst-case scenario, if you decide not to take any action, then the tax department can issue you an income tax notice.

When can the tax department's 'risk management' system pause your tax refund process?

S Ramakrishnan, former Chief Commissioner of the Income Tax Department says that over the years, the tax department has identified bogus claims in tax returns and with a view to arrest such claims the "Risk Management System has been put in place consequent to which such emails are issued to taxpayers to confirm their claims before issue of refunds."

"It is seen that a claim of refund has been made in the Income-Tax filed by you. Your Income-Tax Return has been identified under the risk management process of the Income Tax Department. Your confirmation is required on the following claims(s)/deductions(s)/omissions in the return," said the Income tax department on a intimation sent to a taxpayer as shared by CA Himank Singla on X (formerly Twitter on August 27, 2024.



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It is seen that a claim of refund has been made in the Income-Tax filed by you.

Your Income-Tax Return has been identified under risk management process of the Income-Tax Department. Your confirmation is required on the following claim(s)/ deduction(s)/omissions in the return.

Reason(s)

Refund claim with large claim of House Rent Allowance

To submit response:

Please log in to following path.



Path: e-Filing portal ->Pending Actions-> Worklist-> Response for Refund Confirmation by selecting the correct option.

1. The claim of refund is correct to the best of my knowledge and belief.
2. Return of income being revised, by filing Revised return of income, wherein correct claim of refund shall be made.

Source: CA Himank Singla on X

— CAHimankSingla (@CAHimankSingla)

Tax lawyers say that the RMS process used by the tax department analyses various data sets to identify discrepancies.

"The Income Tax Department uses a risk management process to identify income tax returns (ITRs) that may require further scrutiny. This process involves assessing various factors, such as discrepancies in data, high-value transactions, or unusual claims. When your ITR is selected under this process, it indicates that the department wants to verify certain aspects of your return to ensure the accuracy of the tax refund claim," says Kunal Savani, Partner, Cyril Amarchand Mangaldas.

Where to check if you have got this intimation from the income tax department

According to the Income Tax Department website, you need to go to the e-filing portal and login first. Once this is done, navigate to pending action and click on 'Worklist'. Under the 'For Your Action' tab, you may get this.

"To submit the response, please login to e-Filing portal >>Pending Action >>Worklist>> Response for [Refund Confirmation](#) by selecting the correct option.

- The claim of refund is correct to the best of my knowledge and belief.

- Return of Income is being revised wherein, correct claim of refund shall be made," said the Income Tax Department.

Possible reasons behind Income tax RMS identifying you and sending this intimation

Ramakrishnan says that in his experience, "Taxpayers who claim deductions/exemptions under any section, 80C, 80D, 80G, 80DDA or claim any deduction/exemption which is not shown in Form 16/AIS may receive such communication before processing of the return to enable the department to confirm the genuineness of claim with supporting documents."

Lawyers also say that incomplete information or unusual claims in the ITR can also grab the attention of the income tax department's RMS for your ITR. "Possible reasons for selection under the risk management process may include outstanding tax demands, discrepancies in bank account details, incomplete or incorrect information in the ITR, or unusual claims that seem excessive or inconsistent with the taxpayer's profile," says Savani from Cyril Amarchand Mangaldas.

The screenshot below shows what is the exact campaign being run by the tax department.

The screenshot shows the e-Filing portal interface. At the top, there is a navigation bar with links for Home, Individual/HUF, Company, Non-Company, Tax Professionals & Others, Downloads, and Help. A search icon is also present. Below the navigation bar, a reminder message is displayed:

This reminder is intended to alert you on any possible incorrect claims / omissions in the above-mentioned return of income. Relevant information in respect of your financial transactions is also available in the Annual Information Statement (AIS) under service menu in e-filing portal, post login. Please check before submitting response in respect of this communication to ensure complete and accurate disclosure of your income. To submit the response, please login to e-Filing portal >>Pending Action >>Worklist>> Response for Refund Confirmation by selecting the correct option.

- The claim of refund is correct to the best of my knowledge and belief.
- Return of Income is being revised wherein, correct claim of refund shall be made.

Please verify the claims made in your Return of Income filed and submit your response accordingly within 30 days of receipt of the first email. In case of any incorrect claims/omissions, please revise your Income-tax Return (ITR) for AY 2023-24. Kindly ignore if you have already submitted your response on e-Filing portal.

At the bottom of the page, there is a footer with four columns of links:

- About Us:** About the Portal, History of Direct Taxation, Vision, Mission, Values, Vision, Mission, Values (Hindi), Who We Are, Right to Information
- Contact Us:** Helpdesk Numbers, Grievances, View Grievance, Help
- Using the Portal:** Website Policies, Accessibility Statement, Site Map, Browser Support
- Related Sites:** Income Tax India, Protean (previously NSDL), TRACES

The browser's address bar shows the URL: <https://www.incometax.gov.in/iec/foportal/>. The system tray at the bottom right shows the time as 12:54 PM on 9/6/2024.



Source: [ITR portal](#) as of September 6, 2024

Ankit Jain, Partner, Ved Jain & Associates, says that now the Central Processing Centre (CPC) of the tax department cross-references the information provided by taxpayers with external data sources, such as Form 26AS, Form 16, Tax Information Statements (TIS), and other available databases. "This enables the department to identify discrepancies and potential instances where due taxes may not have been fully paid. Through its risk management process, the CPC flags tax returns that exhibit inconsistencies or abnormalities based on predefined parameters," he says.

According to Jain, these parameters may include the following:

- a. "Excessive deductions: For example, unusually high claims under House Rent Allowance (HRA), charitable donations, or home loan interest.
- b. Inconsistent donations to political parties: Discrepancies between the amount claimed as donations and the taxpayer's reported income.
- c. Mismatch between Form 16 and the return: Differences in deductions or tax credits claimed versus what is reflected in Form 16.
- d. Omission of certain types of income: Failing to report income such as dividends or interest earned from savings accounts.
- e. Excessive refund claims: Unjustifiably high refund requests for advance tax payments."

Does this intimation from the tax department mean something is wrong with your ITR?

Pallav Pradyumn Narang, Partner, CNK, asks taxpayers who have got this intimation from the tax department not to panic and jump to conclusions.

"Being identified under this process doesn't necessarily mean that there is something wrong with your ITR. It just means that it will be reviewed more carefully to ensure that everything is in order and an opportunity is being given to the assesses to revisit the returns, if needed, and verify that the claims are indeed correct," says Narang.

What do you need to do if you have got this intimation from the tax department

The income tax department has urged taxpayers who received this intimation to verify the claims made in the ITR and then submit the response.

"Please verify the claims made in your Return of Income filed and submit your response accordingly within 30 days of receipt of the first email. In case of any incorrect claims/omissions, please revise your Income-tax Return (ITR) for AY 2023-24," said the Income Tax Department.

What if you take no action despite this intimation

Ritika Nayyar, Partner, Singhanian & Co., advises that taxpayers who have got this intimation must remember that until they take any action, this will delay the processing of ITR and refund claims if any.

"This will delay the processing of your ITR until the concerns in the intimation have been resolved. The department may issue a show cause notice or a demand notice, may impose interest or penalties. By addressing the concerns raised and providing the necessary documentation, you can help expedite the processing of your return and avoid any unnecessary

penalties," says Nayyar.

Should you file a revised ITR in such cases?

Nayyar says that you should not worry about the tax department prosecuting you for not disclosing the highlighted missing information if you are filing a revised ITR. So, please file one now if you believe any information was overlooked in the initial ITR report.

"Normally the tax department will not prosecute you for filing a revised ITR in response to an intimation. The purpose of filing a revised ITR is to correct any errors or omissions in the original return. However, if the revised ITR reveals deliberate attempts to evade taxes or defraud the government, the department in an extreme measure, may take further action, including prosecution. It's important to be honest and accurate in your revised return. The department generally views revised returns as a way to improve tax compliance. If you have reason to believe your original return was incorrect, it's better to file a revised return voluntarily. This often results in a more favourable outcome than waiting for the department to identify the errors," says Nayyar.

Lessons from the Grandmasters

