



18<sup>th</sup> April, 2016

Mr Hasmukh Adhia  
Revenue Secretary  
Ministry of Finance  
New Delhi

Respected Mr Adhia

## **Sub: Incorrect levy of interest resulting in non granting of refunds to taxpayers**

For the past 2 years, many of our members have brought to our notice a trend set by the various assessing officers in the country – particularly in Mumbai – of wrongfully charging incorrect amounts of interest u/s. 234B in the tax computation sheet that accompanies the assessment order passed u/s. 143(3). In several cases, the tax payable on the assessed income is lower than the taxes paid by the tax payer. Accordingly, in such cases, in the normal course, a refund would be due to the assessee alongwith interest u/s. 244A. However, much to the shock of such tax payers, instead of a refund being received by them (or at least determined to be payable to them by the government), the notice of demand received by them u/s. 156 of the Act says that the amount payable to/by them is “NIL”. This Nil amount has been arrived at after charging interest u/s. 234B which is exactly equal to the amount of refund due to the tax payer. In some cases, instead of a refund being determined as due to the assessee, a demand has been determined as payable by overcharging interest u/s. 234B.

It would be appreciated that in cases where the tax paid is more than the tax payable, the question of levy of interest u/s. 234B does not arise. In fact, in many cases, there is no advance tax payable and yet interest has been levied for default in payment of advance tax!

It appears that this is a deliberate action being done manually in the system with the sole objective to deprive the taxpayers of the rightful refund and interest due to them.

There are a number of such cases that have come to light. A few examples from the city of Mumbai are given in the Annexure. It will be appreciated that even though this is a serious grievance, many taxpayers only apply for rectification and refrain from raising a grievance on account of the apprehension that such an action may not be perceived in the right spirit by the concerned tax officers.

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On behalf of the thousands of our members and their tax paying clients, we appeal to your good self to take up this issue with the seriousness that it deserves and to direct the CBDT to issue instructions to all field officers to desist from resorting to such tactics and to immediately issue the refunds to the tax payers without the tax payers having to apply for rectifications. It will be appreciated that in most such cases, the officers are aware that the interest has been wrongly charged and have verbally “advised” the tax payers / their representatives to apply for rectification in April 2016.

The point that we wish to highlight here is the blatant and deliberate error committed by the field officers and unfairness of this situation.

We would be more than willing to meet you or anybody else to take up this matter on a priority basis so that tax payers get their rightful refunds at the earliest.

Thanking in you in anticipation

Yours sincerely,

Sd/-

Sanjeev Pandit, Chairman & Ameet Patel, Co-chairman  
Taxation Committee

Encls.: Annexure

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