

**INSTRUCTION NO. 06 of 2022**

**DIRECTORATE OF INCOME TAX (SYSTEMS)  
ARA Center, Ground Floor, E-2, Jhandewalan Extension,  
New Delhi – 110055**

**F.No.: DGIT(Systems)/Instruction/245/2022-23/**

**Dated: 28.11.2022**

**To**

All Principal Chief Commissioners of Income Tax/CCsIT  
All Principal Director Generals of Income Tax /DGsIT  
All Principal Commissioners of Income Tax/CsIT/CsIT(Admin & TPS)  
All Principal Directors of Income Tax/DsIT

Madam/Sir,

**Subject: Instructions to the Assessing Officers for response to intimation u/s 245 issued by CPC, Bengaluru - reduction in time limit for submitting response to intimation u/s 245 by the Assessing Officers-regarding**

Attention of the Assessing Officers is brought to CPC Instruction No.1 issued in F.No. DIT(S)-III/CPC/2012-13, dated 27.11.2012 wherein instructions regarding adjustment of refunds against outstanding demands and process to be followed by the Assessing Officers was specified. The aforesaid Instruction was issued following the directions of the Hon'ble Delhi High Court, issued on their own motion due to writ of mandamus issued for necessary action by the Income Tax Department.

2. As per the said CPC Instruction No.1, intimation u/s 245 is to be issued to assesseees by CPC in all cases where refund is determined but demands are outstanding. Relevant extracts of the said Instruction are as under:

“vi. In case of refunds due, on the basis of the demand so uploaded on CPC-FAS, CPC shall issue a prior intimation u/s. 245 of the IT Act, 1961 to the assessee to adjust the refund against the correct and legitimate actionable demands due. Simultaneously, CPC will inform the Chief Commissioners of Income-tax (CCsIT) concerned regarding the intimation sent for his charge fortnightly. The assesseees can approach Assessing Officer regarding grievance relating to demand, if any, within 15 days of receipt of intimation.

vii. The AO within 30 days of receipt of grievance in response to the notice u/s 245 shall either rectify or confirm the demand. The demand so crystallized shall be communicated back to the CPC in reference to the same communication vide which the AO was initially communicated regarding the demand. Functionality will be developed within the next six months to intimate CPC online by AO. In the interim period AO will intimate the CPC within 30 days from the date, the assessee approaches the AO.

viii. CPC to hold the refunds (refunds may be determined but kept on hold) in the interim period and following confirmation from the AO carry out adjustment of refund against the demands.”

3. Facility for the Assesseees and to the Assessing Officers to provide responses through online mode has since been provided. The timelines have also been laid down separately.

4. It is observed that, in certain cases, consequent to the issue of intimation u/s 245, the assesseees had responded on the demand portal that the demands are incorrect, in as much as that the demands are stayed by Assessing Officer/ITAT/High Court. It has been reported that incorrect categorization of such demand as “correct and collectible” or not providing feedback by the Assessing Officers on the assessee’s response has resulted in incorrect adjustment of refunds by CPC against such demands, leading to avoidable grievances and litigations.

5. It has also been brought to the notice of the Board that though the Assessing Officers are required to provide the response within 30 days, in many cases the response is not being provided in time, resulting in avoidable delays in the issuance of refunds, leading to grievances and litigations. Such delay in issuing of refunds is causing additional burden of interest u/s 244A.

6. Further, it is observed that at the time of issuance of the Instruction No. 1 dated 27.11.2012, the response mechanism in online mode was yet to be developed. Such a system of allowing the assesseees and the Assessing Officers to respond through online mode has since been established and has been in place for sufficiently long period. Thus, the assesseees as well as the Assessing Officers are expected to be well aware of the importance of responding. In view of the above, there is a need to reduce the time of 30 days each, hitherto allowed for response and needs to be reduced to avoid delays.

7. Accordingly, it is hereby decided that:

- a. The time limit of 30 days made available to the Assessing Officers stands reduced to 21 days.
- b. For the sake of clarity, it is hereby reiterated that:

- i. If the assessee either does not agree or partially agrees for adjustment, the matter shall be referred by CPC immediately to the Assessing Officer, who shall, within 21 days from the date of such reference, shall provide feedback to CPC as to whether the adjustment should be made or not, and in case of partial adjustment to be made then, amount of demand to be adjusted for each A.Y. needs to be specified in demand portal.
- ii. If no feedback is received from the Assessing Officer within 21 days, CPC shall either release the refund without adjustment, or adjust the refund to the extent of demands agreed for adjustment by the assessee.
- iii. In partial modification of para 3(viii) of the CPC Instruction No 1, it is hereby directed that CPC shall not hold these refunds beyond the period of 21 days from the date of reference to the Assessing Officers and shall release the same to the assessee, without delay.
- iv. The Assessing Officers shall be held to be solely responsible for the effect of no response/ delays in response.

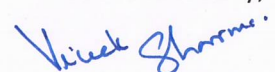
8. The Assessing Officers shall unfailingly update the demand portal after taking into account the submissions of the assesseees in response to intimation u/s 245 as above. The Assessing Officers shall also update the demand portal with the correct status of collectability or otherwise of the demands, based on the correctness of the demand. The status of stay, installments etc. granted by various authorities/ courts shall be updated immediately on the portal and submit to CPC, so as to avoid incorrect adjustments.

9. Further, after updating the demand portal of each assessee, the Assessing Officers are required to click the hyperlink "submit to CPC" without which the action of the Assessing Officer would be incomplete and required data would not flow to CPC.

10. The supervisory officers shall monitor the above work of Assessing Officers on a regular basis.

11. This Instruction is issued with prior approval of DGIT(Systems).

Yours faithfully,



Additional Director General of Income Tax (Systems)-5,  
New Delhi

**Copy to:**

- i. The P.P.S to Chairman, Member(L), Member(Inv.), Member(IT&CT), Member(Rev.), Member(Adm.), Member (Audit & Judicial), Member(P&V) & Member (TPS & System), CBDT for information.
- ii. The P.S. to DGIT(S) for information.
- iii. The Web Manager, [irsofficersonline.gov.in](http://irsofficersonline.gov.in) website with the request to upload the Instruction.
- iv. ITBA Publisher ([Publisher@incometax.gov.in](mailto:Publisher@incometax.gov.in)) for <https://itba.incometax.gov.in> with the request to upload the Instruction on the ITBA Portal.

*Vinod Sharma*

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