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Causes of Refund of tax

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Introduction

Each Authority of Income tax Expects from each Assessee falling the field of Income tax that they will follow fully and properly all the rules, Regulations, sub-rules and provision of Income tax Act and fulfil their responsibilities. In spite of this there may be some mistake and negligence on the part of Assessee in complying the rules. To commit an error is an Human Nature. These Mistakes may be done knowingly and unknowingly on account of these mistakes and errors an assessee is imposed penalty. In Brief need of penalty may be explained on the following grounds.

1. To stop theft of Tax
2. For filing Return of Income in time and to show the correct Income in this return.
3. For making payment of advance tax on correct time.
4. To follow completely all the notices sent by Income tax Department.
5. To keep properly all the accounts and Books.

Under Income tax Act, penalties may be imposed upon the assessee for the following omission and errors.

1. Penalty for Not paying the tax
2. Penalty for under reporting and misreporting of income.
3. Failure to comply with notice.

4. Not to make payment of tax or Interest or Both under self Assessment.
5. Not to Pay according to demand of notice.
6. Fines in Default of payment of tax in specified period.
7. Wrong statement of profits of Registered firm.
8. Not keeping Accounts and Documents

Rights of Commissioner Regarding Exemption of Penalty

Commissions u/s 273 can reduce the penalty imposed on any person or can excuse provided the commissioner is satisfied by the fact that-

1. Assessee had submitted the correct statement of his concealed income with full confidence and willingness, before the matter came into notice of Assessing officer.
2. He has given his full cooperation during the investigation activity of Assessment and
3. He has paid the tax and interest under the act or has made sufficient arrangements for its payments

Offences and Prosecutions

In Income tax Act, offences and prosecutions have been discussed in sections 275 A to 280 of Income tax Act. From Income tax point of view, it is necessary to mention that before discussing various offences.

The various offences and Prosecution are discussed here in the following points.

1. Violating the orders issued u/s 132 (3)
2. On violation of provisions of Sec. 178 (i)
3. Not to Deposit the Amount of tax deducted at Source in Govt. fund.
4. Not to Deposit fund of collected tax at source.
5. Efforts of Avoiding tax knowingly.
6. Default in submission of Return of Income
7. Wrong statement in verification.

Recovery and Refund of Tax

Recovery of tax means as is clear from its name to get amount of tax or to recover the amount of tax from the Assesse. In fact recovery of the tax does not only mean to recover the amount of Income tax, but also it includes recovery of Interest. Fine or any penalty.

Methods of Recovery of Tax

As it has been mentioned in the beginning of this chapter recovery of tax will be include not only tax but also interest fines or any other amount which is payable under income tax rules . But not paid by the Assesse. These can be recovered in the following methods.

1. Recovery of issuing certificate by Recovery offices.
2. Recovery through state govt.
3. Recovery by suit

Refund of Tax

The idea for refund of tax comes into mind when excess amount of tax has been paid than Actual amount of tax computed on his Income of previous year. In means the Assesse has right to get back the amount of excess paid tax.

Refund of tax = Actual tax paid by the Assesse- Actual tax liability.

Causes of Refund of Tax

Following causes may be given for the refund of tax.

1. More deduction of tax at Source
2. Payment of more advance tax by the Assesse.
3. More tax has been paid under self Assessment.
4. Reduction in tax liability due on account of rectification of mistake.
5. Acceptance of Double taxation relief.

Procedure for claiming refund of tax.

The following steps shall be taken by the Assesse for claiming refund of tax.

1. Application on prescribed form.
2. The following Documents are to be attached with the application.

- i) Return of Income
 - ii) Certificate of tax Deducted at source
3. Claim for Refund should to made within one year. After the last date of assessment year.
 4. Under certain circumstances, late claim of refund may also be cancelled by Assessing officer.
 5. Claim for Refund may be sent by person personally or by an Authorized agents by him or by post.

Related questions :

1. Which persons are Authorised to claim refund of tax?
2. State the Meaning of Recovery of tax.
3. What do you understand by penalties ?.
4. Discuss the right of commissioner relating to exempt from penalty.

References :

1. H.C. Mehrotra-Income tax law & Accounts
2. RK. Jain- Income Tax Law & Accounts.

SELF DECLARATION

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