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F. No. DGIT(S)/ITBA/Instructions/Processing/2021-22/

Dated: 16/02/2022

To,

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

Madam/Sir,

Subject: - Workflow in ITBA for Withholding of Refund under Sec. 241A of the I. T. Act' 1961 or Release of Refund determined while Processing of Returns of Income for the cases selected for Scrutiny – Regarding

Reference:- ITBA ITR Processing Instruction No. 5, dated 14-12-2018

This is in reference to the subject mentioned above. For a given PAN and AY, if a refund is determined by CPC-ITR while processing of a return of income, and the return of income is already selected for scrutiny, then the AO is required to provide response for withholding of the refund u/s 241A or release of the same to CPC-ITR. Based on AO's response, further action is taken by CPC-ITR. The process to be followed in ITBA for withholding of refund u/s 241A or release of refund for the cases selected in scrutiny was mentioned in ITBA ITR Processing Instruction No. 5, dated 14-12-2018. With introduction of Faceless Assessment Scheme, there has been change in workflow for withholding of refund u/s 241A or release of refund for the cases under scrutiny with NaFAC. In partial modification of ITBA ITR Processing Instruction No. 5 dated 14-12-2018, the workflow in ITBA for "Withholding of Refund under Sec. 241A" or "Release of Refund" determined while processing of returns of income for the cases selected for scrutiny for faceless and non-faceless (central/ international taxation/ JAOs) users is as follows.

2. “Withholding of Refund u/s 241A” or “Release of Refund” where corresponding scrutiny case is with “non-faceless (Central/ International taxation/ JAO)” charge:

2.1 The Step-by-step process in ITBA is as under:

Steps for AO:

- Go to ITBA Home page
- Go to ITR processing module
- Click on Return receipt register
- Search for PAN and AY
- The Processing status of the return will be ‘Pending for refund confirmation by AO’
- Click on View/ Proceed for data entry

Scenario 1: Refund is to be Withheld u/s 241A:-

Steps for AO:

- Enter the OTP (valid for 72 hours)/ Re-generate the OTP (if required)
- select ‘Yes’ for field ‘Whether Grant of Refund is adversely affecting the revenue as per sec. 241A and refund to be withheld’
- Enter the “Remarks”
- Click on “Submit for 241A approval”

Steps for Range Head:

- Range Head has to login into the ITBA Portal
- Click on Refund Banker Module
- Click on worklist
- Select the Work Item (PAN and AY) with subject “Refund Withholding u/s 241A”
- Enter the Remarks
- Provide response (click on “Submit for 241A” for approval of PCIT, or “Send Back” to AO for clarification)

Steps for PCIT:

- PCIT has to login into the ITBA Portal
- Click on Refund Banker Module

- Click on worklist
- Select the Work Item (PAN and AY) with subject “Refund Withholding u/s 241A”
- Enter the Remarks
- Provide response (click on “Refund to be Withheld” for withholding of refund u/s 241A, or “Send Back/Reject” for clarification from Range Head/ AO or Rejection of proposed withholding of refund u/s 241A)

Note:(i) If it has been decided by the PCIT that the case is not fit for withholding of refund u/s 241A, then the proposal has to be sent back (click on “send back/ reject”) with relevant remarks. After that, AO has to cancel the work item from Refund Banker Module and follow the process of refund release. The Para No. 3(A)(i)(e) of ITBA ITR Processing Instruction No. 5 dated 14-12-2018 may be treated as modified in this regard.

(ii) If the PCIT send back only for seeking clarification, then also he has to use the same button “send back/ reject” with applicable/ appropriate remarks.

(iii) In view of the above, AO has two options – either to cancel whole work-item altogether [scenario (i)], or to give clarification as desired by the PCIT [scenario (ii)].

Scenario 2: Refund is to be released, and the refund amount is less than ₹ 100000:

Steps for AO:

- Enter the OTP (valid for 72 hours)/ Re-generate the OTP (if required)
- select ‘No’ for field ‘Whether Grant of Refund is adversely affecting the revenue as per sec. 241A and refund to be withheld’
- Enter the Remarks
- Click on “Approve Refund” to release the refund, or “Block Refund” (for fraud cases)

Scenario 3: Refund is to be released, and the refund amount is equal to or more than ₹100000, then Range head approval is required: -

Steps for AO:

- Enter the OTP (valid for 72 hours)/ Re-generate the OTP (if required)

- select 'No' for field 'Whether Grant of Refund is adversely affecting the revenue as per sec. 241A and refund to be withheld'
- Enter the Remarks
- Click on "Submit for Range approval"

Steps for Range Head:

- Range Head has to login into the ITBA Portal
- Click on Refund Banker Module
- Click on worklist
- Select the Work Item (PAN and AY) with subject "Pending Refund Approval"
- Provide response for given PAN and AY (Approve the Refund or Block(for fraud cases) or Send Back to AO for clarification)

3. "Withholding of Refund u/s 241A" or "Release of Refund" where corresponding scrutiny case is with "faceless" charge:

3.1 As per SOP dated 19.11.2020 issued by the NaFAC (NeAC):

- The power to withhold refund till the date of assessment vests with the Jurisdictional Assessing Officer and it is to be exercised with the approval of CIT/PCIT.
- The AU shall record the reasons in writing along with specific recommendation for withholding of refund or otherwise as per provisions of section 241A for approval of PCIT(AU).
- The PCIT(AU) shall consider the proposal and give his approval or otherwise ideally within 15 days of receipt of proposal.
- The decision of PCIT(AU) along with the proposal shall be shared with Jurisdictional Assessing Officer through ITBA, who shall take necessary action to withhold the refund under section 241A of the Act and intimate the assessee.

3.2 The AU has to take approval of PCIT (AU) for withholding of refund u/s 241A **offline (i.e., outside ITBA) and then intimate JAO **online** (i.e. through ITBA - as mentioned in steps below) for withholding of refund u/s 241A or issue of refund determined in processing u/s 143(1).**

3.3 The step-by-step process in ITBA is as follows.

Step-1: User - ReFAC AO: Steps for issuing letter (“Issue Letter”) to JAO by FAU to communicate decision regarding withholding of refund u/s 241A or release of the same

- Navigate to **Assessment** module → Click on **Worklist** → Click on **Subject** link. Assessment work item screen will be displayed to the user.
- Click on **Initiate Other Actions** button.
- Click on **Issue Letter to Assessee/ Any Other Person** link provided on screen.
- Select the **Type of Communication** which is “Decision by ReFAC PCIT u/s 241A” (In case of this option, ITD User selected should be JAO only)
- Select the **User (To whom user wants to Issue Letter i.e. Assessee, ITD Users or Others).**
- Enter the details on screen.
- Enter Letter subject.
- Click on **Proceed** button. The letter generation screen will be displayed to the user.
- Enter the contents to be displayed in the letter.
- Click on **Save Draft** button to save the details in the system.
- Click on **Reload Preview** button to view the draft Letter. User will be able to edit the communication Address and email by navigating to **View/Edit Communication Address** link provided on **Generate Letter** screen (in case of letter to assessee and others not in case of ITD).
- Click on **Submit for Approval** button to submit the draft request for approval to **ReFAC Range** user. Success message will be displayed to the user regarding the request is successfully sent to ReFAC Range user for necessary action. A child work item is created in the worklist of ReFAC Range.
- Entry will be available in **Case History Noting** screen of main Assessment work item with the draft Letter sent by ReFAC AO to the ReFAC Range for approval/ necessary action.

Note: FAU may communicate to JAO “reasons recorded for withholding of refund u/s 241A” and “approval remarks of PCIT(AU)” thereon through “Issue Letter” in “Initiate Other Action” functionality discussed above by writing in the letter itself or through attachment to the letter.

Step-2 : User - ReFAC Range:

- *Navigate to **Assessment** module.*
- *Under **Menu** → **Worklist***
- *Click on **Subject** link. Proposal for Issue Letter to Assessee / Any Other Person screen will be displayed to the user.*
- *Click on **Issue Letter Details** button to view the letter details.*
- *Click on **View Details** button to view the details regarding the Letter to Assessee, ITD user or any other person. ReAC Range will be able to edit the contents entered by ReFAC AO. ReFAC Range can take any of the 2 options:*
 - ***Send Back:** In case any clarification is required, or letter contents is required to be edited through ReFAC AO, ReFAC Range will enter remarks in Workflow Noting and Clicks on **Send Back**. Child work item will be available to ReFAC AO. ReFAC AO will do the necessary changes or provide clarification and **Submit** back to ReFAC Range.*
 - ***Approve:** In case no updates are required, user will be able to approve the generation of Letter in ITBA system. Enter remarks in Workflow Noting. Click on **Approve** button. The Letter generation request is approved by ReFAC Range user and child work item will be merged with the main Assessment work item for ReFAC AO user to proceed with the generation.*
- *Entry will be available in **Case History Noting** screen whenever workflow is sent to/ from ReFAC AO and ReFAC Range users for necessary action.*

Step-3 : User - ReFAC AO

- *Navigate to **Assessment** module.*
- *Under **Menu** → **Worklist***
- *Click on **Subject** link. Assessment work item screen will be displayed to the user.*
- *Click on **Initiate Other Actions** button.*
- *Click on **Issue Letter to Assessee / Any Other Person** link provided on screen.*
- *Click on **Proceed** button. The contents entered by ReFAC AO and updates done by ReFAC Range user, as the case maybe, will be displayed in read-only mode.*

- Click on **Generate** button to generate the Letter in ITBA system. Upon generation, a success message will be displayed to the user. The letter will be sent to NaFAC for signing.
- Entry will be available in **View/ Download Letter/ Notice/ Orders** screen with status as “**Pending with NaFAC for signing**”, until the letter is digitally signed by NeFAC. Once signed, **Download, View** buttons available on screen will be enabled for users to download the digitally signed letter.
- The digitally signed document will also be available in **Case History Noting** screen of the main Assessment work item.
- The letter will be shared with assessee on **E-mail** and E-filing under **e- Proceeding (only in case of letter to assessee or Others – if PAN is entered)**.
- Delivery status can be viewed through **View/ Enter Dispatch details** Screen.
- Click **Case History Noting** to view the response submitted by assessee in e-Proceedings.

Note: If the letter is issued to ITD User, a work item is created in the **Faceless Enquiry** module for response workflow. The worktime has Subject link as **Letter from NeFAC**.

Step-4: User - ITD User / JAO

- **Login → Faceless Enquiry Module**
- Click **Worklist → Letter from NaFAC**. Work item screen will be displayed.
- Click on **View Letter** to view/download the Letter issued by the ReFAC user.
- If any clarification is required from FAO, then click on **Response to Letter** button to prepare a response to the letter issued.
 - The Issue Letter report screen opens. Enter the response in free-text area provided and click **Save Draft** to save the content entered.
 - Click on **Reload preview** to view the preview of the response and then click **Generate** to generate the letter report/response.
 - The generated signed response report is visible in **View/Download Notice/Letter/ Order** screen. User may click on **Download** to open the signed document.

Step-5: User - JAO: *Once communication regarding withholding of refund u/s 241A or release of refund received by JAO:*

- i. Go to ITR Processing module > **View RRR entries** > **Enter PAN and AY**, Click on search button
- ii. Scrutiny Case for which decision is received through Issue letter functionality will be reflected with processing status '**Pending for refund confirmation by AO**'
- iii. Select the case and click on '**View/Proceed to data entry**'
- iv. On Part A General, under 'Refund/demand confirmation' tab, User has to select either '**YES**' or '**NO**' in field "**Approval received from ReAC for refund withholding**"
- v. User is required to generate OTP, click on '**Generate OTP**', OTP will be received on the registered mobile number of user, enter the same on Field '**OTP**'
- vi. If user select "**YES**" on sl. no. (iv) above, then '**withheld refund**' button will be available on screen, on click of '**withheld refund**', case will be shared to CPC for processing and for refund withheld.
- vii. If user select "**No**" on sl. no. (iv) above, then flow for refund release will be triggered (same as normal refund flow)

Note: JAO may consider issue of "reasons recorded/ approval remarks/ speaking order/ any other documents" to the assessee for withholding of refund u/s 241A, if they believe that it should be issued considering various High Court decisions or as per law.

4. MIS regarding 241A: Faceless Charges:

- A. MIS Reports regarding pendency/Action u/s 241A can be viewed at **MIS > Assessment > Data summary reports > Report for action u/s 241A**
- B. Further MIS Report is bifurcated into two reports
 - i. Summary report for action u/s 241 A
 - ii. Detailed report for action u/s 241 A
- C. Following fields are available in **Summary report for action u/s 241 A**
 - a. No of cases in which action u/s 241A is shown required

- b. No of cases in which ReAC AO has intimated about decision of ReAC PCIT u/s 241A
- c. No of cases in which refund is withheld u/s 241A
- d. No of cases in which refund is released
- e. No of cases in which action is pending at the end of JAO

D. Following fields are available in Detailed report for action u/s 241 A

- a. Region
- b. CCIT Office Name
- c. CIT Office Name
- d. Range Office Name
- e. AO Office Name
- f. Email Id of AO
- g. AY
- h. PAN
- i. Assessee Name
- j. Assessee Status
- k. Return Filing Mode
- l. Form Type
- m. Return Section
- n. Returned Income
- o. Refund/Demand
- p. Date on which ReAC AO has intimated about decision u/s 241A
- q. Whether Refund Withheld or released by the JAO
- r. Date of action by JAO

E. MIS Reports can be viewed by following user:

- a. AO
- b. Range
- c. CIT
- d. PCIT/CIT
- e. PCCIT

5. Training materials including user manual, help content and frequently asked questions (FAQs) are available on the **ITBA Portal → ITBA Help Guide → Processing**. Users can refer these in case any issue arises.
6. Users may also contact help desk.
 - a. URL of help-desk: <http://itbahelpdesk.incometax.net>
 - b. Help-desk contact number: 0120-4836850 and 0120-2811200
 - c. Email ID: itba.helpdesk@incometax.gov.in
 - d. Help-desk Timings: 8.30 AM – 7.30 PM (Monday to Friday).

This issues with prior approval of the DGIT (Systems), Delhi.

Yours faithfully,



(Ashim Kumar Modi)
Commissioner of Income Tax (ITBA),
Directorate of Income-tax (Systems), Delhi

Copy to:

1. The P.P.S. to Chairman, Member (Administration and Faceless Schemes(s))/ Member (Audit and Judicial)/ Member (Income Tax and Revenue)/ Member (Investigation)/ Member (Legislation and Systems)/ Member (Tax Payer Services), CBDT for information.
2. P.S. to DGIT (Systems), Delhi.
3. The Web Manager for www.irsofficersonline.gov.in website with a request to upload the instruction on the website.
4. ITBA Publisher (itba.publisher@incometax.gov.in) for <https://itba.incometax.gov.in> portal with a request to upload the instruction on the ITBA Portal (Help Guide).



Commissioner of Income Tax (ITBA)