

FAQs on Frequently Faced Issues in ITBA for Field Users

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1. Issues related to challans

Tax payment challans are of Minor head 100 for Advance Tax, 300 for Self-Assessment Tax (SAT) and 400 for Regular Assessment Tax (RAT). The OLTAS Module in ITBA Portal facilitates JAOs to carry out activities on aforesaid challans, like modifications (corrections) in challans, posting of 400 challans etc. AOs are requested to go through *ITBA (OLTAS) Instruction No. 1* dated 07.08.2019 for further details on OLTAS module. The said instruction and other related help material is available in OLTAS section in 'ITBA Help Guide' which is accessible from ITBA Home page. A brief overview of certain important aspects related to challans is being given hereunder.

1.1 Modification or correction of challans by AOs (JAOs)

1.1.1 In terms of ITBA OLTAS Instruction No. 1, on receipt of request from assessee or *suo moto*, based on facts and law, the JAO can initiate request for modification in parameters of a Challan (such as AY, PAN, Minor head etc.) through the relevant screen in ITBA OLTAS module.

1.1.2 Once JAO submits the request from ITBA, it flows from ITBA system to CPC-ITR (CPC Bangalore) and CPC-TDS systems. The purpose of the same is that the CPCs are repositories of data of challans in the Department; therefore, the fact as to whether the benefit/credit of a particular Challan has already been given to the assessee in some earlier order can be checked by the systems at CPC-ITR and CPC-TDS.

1.1.3 If the credit of the challan has not been given to the assessee in any order so far, then challan is said to be "un-consumed"; and only in such scenario, modification in challan is approved by CPC systems. If the challan is already consumed, i.e., credit of that payment has already been given to the assessee in some previous order under any section, then the parameters of the challan cannot be permitted to be modified; as otherwise it may lead to double credit or double refunds for one payment.

1.1.4 For modification of PAN of a challan, AO needs to search the challan using CIN (Challan Identification No.), and then proceed for raising correction request in ITBA. If the old PAN on the challan is not in the jurisdiction of the AO raising the request for correction, then the approval/confirmation of the AO/Range Head having jurisdiction over that old PAN is required in system.

1.1.5 For modification in AY, Minor Head or Major Head, AO needs to search the challan using PAN-AY, and then proceed for raising correction request. While modifying AY of a challan, AO may also check whether the minor head is also required to be changed on the basis of date of the challan, as per facts and law.

1.2 Posting of RAT (400) challans

1.2.1 A Regular Assessment Tax challan – either due to payment made by assessee for a PAN-AY, or due to refund adjustment by CPC/Department of certain refund arising to assessee in a different AY – is supposed to be towards an outstanding tax demand of an AY. Challan posting is the process by which the challan is specifically posted to reduce the particular demand for which the tax payment/refund adjustment was meant. In scenarios where CPC adjusts refund of an AY with demand of another AY, a 400 challan gets created in the AY having demand, and such challans are also normally auto-posted by CPC to reduce the demand. Similarly, if the challan amount matches a demand amount exactly, then also auto-posting is done by CPC system. However, in some cases such as where tax payment is made by assessee and the challan amount is not exactly matching with demand amount, the 400 challan is not auto-posted, rather - upon receiving information about tax payment by the assessee, the JAO needs to post the challan manually, in order to reduce the concerned demand.

1.2.2 The same can be done by screen provided for this purpose in ITBA OLTAS module. The steps involved are as below:

Go to ITBA-OLTAS Module and click on “Manual Posting of 400 Challan”. Enter the PAN/AY → Click on “Search” → In the next screen, all 400 challans for that AY will appear under “400 Challan Details” and all outstanding demands for the AY under “Demand Details”. Click on the Check Box against the challan which is to be posted, and also the Check Box against corresponding Demand amount against which it is to be posted. For this, Demand amount should be either equal to or greater than the Challan amount. Click on “Submit” button. The manual posting request will be submitted to the CPC-ITR for its approval. After approval by the CPC-ITR, the challan gets posted against the demand, and the demand will reduce in Department databases and ITBA Recovery module.

1.2.3 In case there is no demand now outstanding in the case of the assessee, or the demand amount is less than the challan amount, then posting of challan will not be possible. In such case, to give credit of the challan to assessee (e.g., so that applicable refund can be issued), AO may upload a Rectification/ Give Effect order, as under:

- For Penalty related proceedings (i.e., penalty order or any rectification/ give effect etc. on top of the same) – The Rectification/ Give Effect order needs to be uploaded by Manual Order Upload (MOU). The challan details will be shown on the screen automatically, and do not need to be added manually by AO (unless AY is prior to AY 2007-08).
- For Non-Penalty proceedings (i.e., Processing, Assessment or any rectification/give effect etc. on top of the same) – The Rectification/ Give Effect order can be passed by Web Service (WS/normal online) mode also where WS is available; and can be done by Manual Order Upload (MOU) mode also. In Web

Service mode, AO has to manually add the details of the challan on the screen in the “Challans” field by way of ‘Add Challan’ row, to give the credit. In MOU mode, the challan details will be shown on the screen automatically, and do not need to be added manually by AO (unless AY is prior to AY 2007-08).

1.2.4 If a 400 challan has been paid by assessee (or arisen due to refund adjustment, as the case may be) for a PAN-AY, then for uploading of a **subsequent** order of rectification/give effect/assessment/penalty etc. for that PAN-AY (i.e., an order after the date of 400 challan), the following is to be noted:

1.2.4.1 For assessment side orders (*viz* processing or assessment, or rectification/give effect on top of processing or assessment):

(i) If order is being passed by normal online mode (WS): The said 400 challan does not automatically appear in the list of challans on the ITBA screen while passing the order. Rather, the AO has to mandatorily enter the challan’s details by way of ‘Add Challan’ row on the screen and only then the challan credit will be granted. (This is so even if the challan had been posted).

However, when any further subsequent order is uploaded by WS for this case, then if the AO proceeds for passing the Order by using “Latest Order” data {and not “Latest Return” data}, then this challan data will come on the screen for subsequent orders also. If “Latest Return” data is used, then AO will need to add the details of this challan by “Add Challan” row.

(ii) If order is being passed by Manual Order Upload (MOU): The Challan will appear in the list of Challans. The AO will have to select the challan, as usual, for giving credit thereof.

1.2.4.2 For penalty side orders (i.e., penalty order, or rectification/give effect on top of penalty orders):

(i) Order being passed by WS: For this, posting of the Challan first is mandatory. In penalty side orders, adding of the challan by ‘Add challan row’ is not needed, unlike assessment side orders.

(ii) Order being passed by MOU: The challan will appear in the list of Challans. The AO will have to select the challan, as usual, for giving credit thereof.

1.3 Posting of 400 challans in Legacy ITD-AST

In Legacy ITD-AST, while passing a subsequent rectification/give effect/assessment etc. order, any 400 challan paid by assessee will not be shown automatically in Legacy ITD-AST screen, unless the same has been posted also in the IRLA ledger of Legacy ITD-AST.

If a challan is not posted in IRLA already, the challans has to be posted manually. However, before going for posting in Legacy ITD-AST (IRLA), the AO needs to first do the posting of challan in ITBA OLTAS module as per process mentioned in Para 1.2 (unless the challan is already posted and consumed by CPC, in which case there is no need of posting in ITBA again and AO can directly proceed for posting in Legacy ITD).

For posting in Legacy ITD-AST, the path is as below:

Legacy ITD - OLTAS → Maintain Challan → Manual posting of 400 Challans → Enter the Query criteria and press execute button → Click on the check box provided in front of the specific record which will automatically be posted to ledger.

1.4 Claiming a challan globally

In case a PAN is in the jurisdiction of a particular AO; however, some challan of that PAN is not visible to the AO in ITBA OLTAS module when AO is searching that challan by PAN-AY based search, then it is possible that the challan might have been paid by the assessee when the concerned PAN was lying with some different AO in a different Region (i.e. different RCC). In such a case, if the AO searches the challan by CIN based search (Challan Identification No.), then AO will be able to view the challan, and also by this action of searching the challan by CIN, the challan gets automatically migrated to the jurisdiction (RCC) of the current AO of the PAN. This is called claiming of a challan globally (across RCC).

1.5 Modification in IDS/PMGKY challans (Minor head other than 100, 300 & 400)

As per the current functionality in ITBA OLTAS module, any change in challan pertaining to IDS/PMGKY are not allowed by the AOs in ITBA. For the same, the office of ADG (Systems)-2, Delhi may be requested (through proper channel) along with the complete details of the challan (BSR code, deposit date, sequence no.) and the proposed correction to be applied in that challan.

2. Handling of Section 119 cases

2.1 Processing of valid ITRs having refund claims which were not processed within the time allowed u/s 143(1) due to some technical or other reasons not attributable to the assessee [Section 119(2)(a)]:

Reference may be made to ITBA Instruction No. 4, dated 08.10.2018 pertaining to Section 119(2)(a) read with CBDT's order u/s 119 (Instruction No. 5 of 2018) dated 21.08.2018 and also the subsequent ITBA Instruction No. 13, dated 31.08.2021 pertaining to Section 119(2)(a) read with CBDT's latest order u/s 119, dated 05.07.2021 which was further extended up to 30.11.2021. By the above orders CBDT had provided windows for processing of validly filed time barred returns which were not processed due to reasons not attributable to the assessee. Last such order was passed on 05.07.2021 whereby the window was provided till 30.11.2021. The required

enablement in ITBA software is made whenever an appropriate order is received from CBDT.

2.2 Cases of Condonation of delay in filing ITRs claiming refund and ITRs claiming carry forward of loss and set-off thereof [Section 119(2)(b)]:

Reference may be made to CBDT Circular 9/2015 [F.NO.312/22/2015-OT], dated 9-6-2015. Proposal via email/letter for enablement of ITR for section 119(2)(b) can only be considered by the ITBA team subject to the fulfilment of the following conditions:

- The condonation order should have been passed in ITBA. While forwarding the proposals, copy of condonation order (passed on ITBA portal) should be provided; (Please refer to the step-by-step guide for passing condonation order u/s 119(2)(b) which is available on ITBA Help Guide).
- Copy of acknowledgement of ITR (filed in appropriate section at e-filing portal after order of condonation) should be provided; and
- Field formations should take care and refer to the time-limit for processing u/s 143(1) w.r.t. the date of filing of such ITR(s) as per the Second Proviso of Section 143.

The proposal should be sent to ITBA in the following format:

Sr.	NAME	PAN	AY	Date of condonation order passed at ITBA (Attach copy of order)	Condonation order's DIN & order No.	Date of ITR filed u/s 119(2)(b)	Ack. No. of ITR filed u/s 119(2)(b) (Attach copy of Ack / ITR-V only)	Time-limit for processing u/s 143(1) w.r.t. the date of filing of such ITR(s) as per the Second Proviso of Section 143

3. Handling Online TMS (Tax Management System) processed cases of older AYs

During initial period when Online TMS functionality was not available in System, the AOs used manual offline Standalone TMS utility/software (on standalone desktops) which was provided by Directorate of Systems to handle contingences in processing of Time Barring returns. If any refund determined by AO while processing of such return, the same was issued manually in physical paper cheque by the AO. This was the utility/software where returns were processed completely outside ITD Application. Since the credits of TDS (26AS) and OLTAS were not allowed through System while processing such ITRs, the data would not be integrated to AST at a later date.

In Central Action Plan Target for 2011-12 issued by the CBDT, directions were given that all the returns processed in offline TMS must be brought to the system. Accordingly, AST Instruction No. 98 dated 21.10.2011 was issued and a functionality

was provided in ITD-AST application under AST→TMS to field formations for uploading of TMS Data in the AST system to capture the returns already processed in standalone TMS for AY 2009-10 only as well as entering and processing of new returns that could not be processed in AST. Under online TMS, the credits of TDS (26AS) and OLTAS were allowed through System and therefore, the data would be integrated to AST at a later date. The AO having return of Income could perform actions till the command for integration of this data to AST was given by the AO. Once data has been integrated with AST, all future actions could be performed only by the AO having PAN jurisdiction. On the similar lines, in past every year at the fag end of each FY, Online TMS functionality under Legacy (AST) was made extended and enabled for facilitating AOs to carry out processing of cases covering all scenario of PAN related issues which prevented processing in AST. Till 31.03.2017, processing of returns filed in FY 2015-16 getting time barred on 31.03.2017, on the requests of the field formations and with the approval of the Competent Authority, the Systems Directorate enabled processing of such returns on Online TMS which otherwise were not possible to be processed on AST due to some or other reasons.

Thus, ITD-AST-TMS would facilitate AOs to fulfill the following objectives:

- (i) Capture of earlier OFFLINE TMS processed returns in the ITD-TMS online software.
- (ii) To issue refunds (with range head approval) in all such cases having valid PAN through system after proper authentication process. This TMS functionality facilitated AOs to print refunds on pre-printed refund vouchers continuous stationery.
- (iii) Integration of TMS processed data for valid PAN cases with AST which would help in post processing functions to be performed in AST.
- (iv) To bring whole data on system to create an effective and complete system.

Based upon the category of cases, 2 functionalities were provided to field formations under Online TMS software of Legacy ITD system. The two categories are mentioned below:

Online TMS (Category 1)

No.	Category of cases
I	PAN under migration
II	PAN is deleted in deduplication process
III	PAN is under de-duplication restoration

This functionality was capable of handling above scenarios of PAN related issues which prevented processing in AST. The key features of this functionality were as under:

- (i) Despite the PAN lying in other jurisdiction, the AO had option of entering ROI data in the system.

(ii) There was provision for processing of the valid PAN ROIs where PAN was out of jurisdiction, deleted PAN, PAN under de-duplication, PAN under restoration etc.

(iii) The AO having ROI data on TMS had option to process the returns till the time the command for integration of this TMS data to AST was given by the jurisdictional A.O. Once data was integrated with AST, all future actions could be performed by the A.O. having PAN jurisdiction only.

(iv) As the cases are having a valid PAN, credits of taxes would be given online through the system.

(v) The cases could be processed through TMS functionality only when the ROI was not available in AST. Therefore, the AO had to delete the return in AST before initiating the processing under TMS.

Online TMS (Category 2)

No.	Category of cases
I	Invalid PAN mentioned in the return
II	PAN is not available
III	Name in PAN database does not match with Return name
IV	Return with one PAN issued to two different entities OR someone filing a return quoting the PAN of original holder and this wrong return is processed first in AST/CPC/TMS , therefore the System will not allow processing of original PAN holder.
V	Any other contingency in AST not allowing the processing of such return even with valid PAN.

This functionality was capable of handling above scenarios of PAN related issues which prevented processing in AST. The key features of this functionality were as under:

(i) Under this functionality, credits of TDS (26AS) and challans under OLTAS were not allowed through TMS.

(ii) As the PAN mentioned in the ROI either did not belong to assessee or were having other infirmities, the data would not be integrated to AST at a later date.

(iii) Though the data could not be integrated in AST, the processed data under this category of cases would always be available online in System in standalone form.

(iv) It was mandatory for the Assessing Officers to mention the reasons for using this facility, i.e., Online TMS (Category 2).

(v) No refund would be issued from the System in cases falling under this category as the cases did not have valid PANs.

Presently, if AO wants to carry out further proceeding on cases which were earlier processed under Online TMS (Category 1) functionality and he is facing technical issues in integrating the data with AST, then a ticket needs to be raised at ITBA helpdesk for integration of data processed under Online TMS (Category 1) to AST. Accordingly, helpdesk team integrates data of case processed under Online TMS (Category 1) into AST. Thereafter, AO would be able to carry out further proceedings on the case in AST Application.

Post launch of ITBA and for subsequent AYs, a facility/option was also provided in Manual Order Upload screen to the AOs for capturing manual order details of such type of time barring cases which prevented them to pass orders in system. In such type of cases orders were/are passed by AOs manually and require uploading the same in MOU screen of ITBA for keeping record purpose only. These manually uploaded orders are not shared with CPCITR for accounting. This facility would be enabled in MOU screen of ITBA only on getting approval of Competent Authority.

4. TDS credits

Sometimes issues are received from AOs that TDS credits as claimed by assessee in Return of Income are not allowed in full when AO passes an order in ITBA or in Legacy ITD-AST.

4.1 Cases of Legacy ITD-AST

If TDS credits as reflected in 26AS of the assessee for the relevant AY do not appear on the Legacy system, AO can log ticket at ITBA Helpdesk giving complete details of the relevant TDS entries that are not appearing in the Legacy System. Helpdesk team will fetch the missing entries from the CPC-TDS/Traces, if any, and the same would appear in the AST system within 24 hrs. For some specific scenarios where TDS entries are not present in 26AS, certain procedure was prescribed in CBDT Circular No. 8 of 2015 dated 14.05.2015 - Para 4.2 (b) thereof, which can be referred to by AOs.

In Legacy ITD-AST application, there is a facility available in rectification screen, where TDS amount can be increased u/s 154 by sending TDS approval request with updated TDS amount. The AO should use the same after due verification and caution, and as per law. A new screen would be opened during computation as "Claimed TDS correction". In that screen AO needs to enter correct TDS amount in "Correct TDS claim as per return" field and click on submit button. This TDS approval request would be raised to Range. TDS approval request could be approved by the Range Head only once. If the AO wants to enhance the TDS claim again, the approval request for the same has to be submitted to CIT. Please note that the approval request could not be cancelled after acceptance by Range/CIT.

4.2 Cases of ITBA (i.e., CPC, since ITBA orders are accounted by CPC)

AO should match the TDS data as per Form 26AS, the claim made by assessee in the ITR filed and the credits allowed by CPC in the computation and previous orders, if any.

The AO needs to take appropriate action, if following errors are made by the taxpayer while filing ROI, or TDS schedule might be filled up by AO wrongly while sending the case to CPC from ITBA screen for computation, resulting in disallowance of TDS credits in computation results.

- (i) Schedule TDS might be wrongly filled by taxpayer/AO, e.g., invalid/ incorrect TAN quoted, incorrect year of deduction mentioned etc. AOs should carefully verify & ensure that the TDS Schedule is correctly filled.
- (ii) TDS amount claimed in the schedule is not available in Form 26AS.
- (iii) TDS amount claimed for Other Person PAN in schedule-TDS is wrongly mentioned as “Self” instead of “Other Person”.
- (iv) TDS credit claimed for own PAN in the schedule is wrongly mentioned as “Other Person” instead of “Self”.
- (v) In suspected Fraud TAN/PAN cases, credits are disallowed by CPC. Please refer to ITBA Assessment Instruction No. 10 dated 06.12.2018 available in ITBA Help Guide section on ITBA Home Page.

There may be a situation where the TDS credits were not reflected in 26AS at the time of processing u/s 143(1), but such TDS credits became available in 26AS on a later date due to deductor filing a corrected statement or filing a statement belatedly. In this scenario, if assessee still has the window to apply for rectification directly to CPC through the assessee’s e-Filing Portal, then the assessee may be intimated suitably by the AO to file online rectification or revise the ROI on e-filing portal, as per law, for getting due TDS credit claims from CPC. If CPC has not carried out the rectification and/or the AO wants to do rectification himself/herself, the JAO/AO can pass rectification order through ITBA by using Web Service (WS) or Manual order upload (MOU). The step-by-step process for passing rectification orders in ITBA by Web Service and via MOU are already given in ITBA User Manual for Rectification module and Assessment module, which are available in ITBA Help Guide section on ITBA home page. While passing the Order, the AO should exercise the precautions as mentioned in the previous paragraph. The credits as per 26AS should be allowed by CPC in any case.

IMPORTANT NOTE: When AO initiates Computation of a rectification/assessment order etc. by normal online (WS) mode by using ‘Latest Return’ data, the TDS schedule on ITBA screen is auto-populated as per the TDS schedule filled by assessee in the ROI, but AO can make any changes therein as per law. If AO initiates computation using ‘Latest Order’ option, then TDS schedule in ITBA screen will be auto-populated as per data in last passed order. If the order is being uploaded by MOU (Manual Order Upload), then TDS data on ITBA screen is fetched as per the 26AS data. AO can make changes in data as per law; however, if AO wishes to grant any credit over and above what is available in 26AS data, then it is called “Extra Credits”, and AO has to exercise due verification and caution to avoid any possibility of double benefit/credit to assessee or wrong allowance of credits. For granting any Extra Credit, AO has to mandatorily take

administrative approval of Range Head on file, i.e., offline; and has to enter the details of such approval in the ITBA screen in WS or MOU screen without fail.

Below is the brief summary for extra credit process in WS and MOU mode.

Mode of Order	AYs applicable	TDS Extra credit process
WS (online) in CPC 1.0 system	AYs 2013-14 to 2019-20, WS available for assessment proceedings and rectification proceedings	<p>In WS, the data of TDS that appears on ITBA screen is as per Return of Income or as per Latest Order, as per the option chosen to this effect on the Computation screen by AO.</p> <p>All credits that are available in 26AS should be allowed by CPC in Computation.</p> <p>Extra Credit, above 26AS, after strict examination as per law and ensuring no double credits and no undue credits, and with approval of Range Head, can be entered by AO provided corresponding income is declared to tax and AO/Range Head are legally satisfied. In Schedule TDS on the ITBA screen, there is column "Extra credit amount" which can entered by AO if after first computation in the Screen "TDS/TCS matching summary", the TDS amount credit is not given by CPC and it is over and above 26AS. Then after reviewing TDS/TCS summary screen, the AO can enter "Extra TDS Amount" in the column given. If any data is entered in Extra credit amount column then AO has to mandatorily enter Range Head approval details in Schedule TDS for offline approval taken by him. When AO computes again, then subject to TDS/TCS claimed by AO, credit will be now allowed by CPC - to the extent the amount matched from 26AS <i>plus</i> the extra TDS Amount.</p>
MOU in CPC 1.0	Any AY less than or equal to AY 2019-20 where WS is not available for any proceeding (such as Give Effect)	<p>In MOU, every time the AO saves an order (Manual Order) in Draft, then fresh data of TDS is fetched from CPC-TDS and is shown to AO on MOU TDS screen. AO can either increase or decrease the existing TDS amount for a TAN/PAN for which data is fetched from CPC-TDS. AO can also add a row for TDS not available in 26AS. As mentioned in previous item, if AO is giving any Extra credit, over and above 26AS, then AO must ensure to enter the Range Head approval details in Schedule TDS after taking approval from Range Head offline (in file) for grant of credit over and above 26AS data. Extra Credit, above 26AS, must be ensured to be allowed only after strict examination as per law and ensuring no double credits and no undue credits are allowed, and with approval of Range Head, provided corresponding income is declared to tax and AO/Range Head are legally satisfied.</p>
WS (online) in CPC 2.0 system	AY 2020-21 and onwards (wherever WS has been enabled)	<p>Currently, in WS in CPC 2.0 system (AY 2020-21 onwards), there is no functionality for extra credits over and above 26AS.</p>

MOU in CPC 2.0 system	AY 2020-21 and onwards (wherever WS is not available)	<p>In MOU, every time the AO saves an order in draft, then fresh data of TDS is fetched from CPC-TDS and shown to AO on MOU TDS screen.</p> <p>In AY 2020-21 onwards, AO can only decrease the TDS amount for a TAN/PAN for which data is fetched from CPC-TDS (26AS) in a particular row.</p> <p>For granting any extra credits over and above 26AS, the AO needs to add a new separate row which will be shared with extra credit flag and CPC will allow the credit as shared by AO.</p> <p>As stated in previous items of this Table, the AO has to mandatorily enter Range Head approval details in Schedule TDS for offline approval (on file) taken by him for granting TDS credit above 26AS, before submission of MOU to CPC for accounting.</p>
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5. Cases related to Amalgamation etc.

5.1 Cases where assessee has claimed on the PAN of the successor, credit for the taxes/challans that were paid (and TDS that was deducted) on the PAN of the predecessor

5.1.1 For transfer of challans (Minor Heads 100, 300, 400) from one PAN to another, the challan must be un-consumed first, if the same has already been consumed. This means that if the credit for the challan has been granted by the Department while passing any Order on the predecessor PAN, then then that credit has to be removed from that PAN first. For this, a Rectification Order u/s 154 will need to be passed by the AO on the predecessor PAN, where the credit of that challan will have to be removed. Thereafter, PAN on such unconsumed challan can be changed (challan correction process) as per *ITBA OLTAS Instruction No. 1 dated 07.08.2019* which is available in **ITBA Help Guide** section on ITBA home page.

5.1.2 Regarding migration of TDS credits from predecessor entity to successor, it may be noted that TDS credit can be transferred *in system* only when a correction statement is filed by the concerned deductor. Therefore, AOs may advise the assessee to get the correction statements filed by deductors wherein the PAN of successor will need to be recorded as deductee, in place of that of predecessor. This is the preferable way for handling transfer of TDS credits.

In the alternative, AOs do have facility to grant 'Extra TDS' credit – over and above 26AS data, which has to be used with due verification and caution, and the same has already been discussed in detail in previous section of this document. Further, this can be done only if the credit of TDS amounts has NOT been given already in some previous order of predecessor (i.e., the credits are unconsumed). In case the amounts are consumed (i.e., credit is already given in some other PAN/ Predecessor's PAN in a previous order), then the AO will have to first pass a Rectification order u/s 154 to un-consume (disallow) the credits from the Predecessor's PAN first. **Importantly, the AO must also correspond**

with the CPC-TDS team (office of CIT (CPC-TDS), Delhi) to block those credits in the hands of the predecessor entity for the future, so that no double allowance can occur.

5.2 Regarding transfer of demand from one entity to another entity

There is no functionality available in ITBA for transfer of demand from one PAN (old entity) to another PAN (new entity).

The demand on any PAN can be created only after passing an order in system either through Web Service (normal online mode) or through Manual order Upload (MOU), on completion of accounting at CPC. Therefore, in exceptional cases, if such requirement of transfer of demand is unavoidable, then purely from system perspective, AO may have to upload the order passed on the old PAN to the new PAN by MOU; and AO may have to delete the demand on old PAN by passing an appropriate order. However, legal aspects of these actions need to be examined by the AO/hierarchy beforehand.

5.3 Even after a predecessor entity is merged into a successor entity with effect from a certain date (i.e., the Appointed Date), the rectification/give effect or other such actions in ITBA system for the predecessor entity, for the years (AYs) pertaining to period prior to the said date (i.e., when the predecessor was legally in existence), will have to be still done by the AO on the PAN of the predecessor entity only. In this scenario, AO has to mark appropriate “Event Marking” on the PAN by going to PAN module in ITBA (Please see next section also). On completion of action of “Event Marking”, the subsequent notices, communication etc. are generated in the name of the successor entity even though the PAN of predecessor is displayed. As stated earlier, the work relating to predecessor entity in ITBA screens will have to be done on old PAN only, because all challans, previous demands etc. for the said period for the predecessor are there in system on old PAN only.

6. Event Marking and Legal Heir related aspects

6.1 Event marking in ITBA and updating of name in ITBA communications

6.1.1 Following is the overview of the steps to be followed by Jurisdictional/ Central/ International Taxation AOs for Event Marking for a PAN in PAN Module in ITBA:

Login to ITBA >> PAN Module >> Menu >> Event Marking for PAN(s) >> Mark Event >> Select the ‘Event Name’ >> AO user has to enter the Source PAN/s and Linked PAN/s >> Enter Remarks, if any >> Click on ‘Mark Event’.

The detailed steps along with all screenshots are already provided in the ‘User Manual’ of PAN Module, which is available in ITBA Help Guide section on ITBA Home Page.

6.1.2 It may be noted by AOs that in case of Amalgamation, Source PAN/s are the PAN/s of the predecessor entities (amalgamating companies), and Linked PAN is the PAN of the Successor entity (amalgamated company). Care should be taken to correctly enter Source and Linked PANs as above. Many times, AOs have committed mistake and

entered PANs in reverse way, which leads to wrong (reverse) name being printed in Notices and Orders.

It may also be noted that for event marking, Predecessor and Successor PANs should be in same JAO charge.

6.1.3 Once event of Amalgamation (or other events, as per Table below) is marked on the Predecessor PANs in the above way, then any communications generated in ITBA in any proceedings on a Predecessor entity's PAN (also called old PAN/s) will automatically start carrying the Successor's name in the addressee field in place of the Predecessor's name. Thus, for example, if a 142(1) notice is being generated by FAU while working in the assessment work-item on a predecessor entity's PAN, the name that will start getting printed automatically on top of the 142(1) Notice (i.e., in the Name of Assessee/Addressee field) will be the name of the Successor entity (whose PAN was mentioned as Linked PAN while doing event marking of Amalgamation by the JAO). Thus, this takes care of the aspect of addressing communications in the name of Successor entity after amalgamation (even if the communication is meant for the erstwhile Predecessor entity), as mandated by various judicial pronouncements.

6.1.4 It may be noted that only the JAOs can do event marking in PAN module, and not FAUs/FAOs. The FAOs can communicate to JAO by way of using "Issue Letter" and ask JAO to do event marking. **Further, JAOs must undertake Event Marking as soon as they come to know of any scheme of Amalgamation (or any other such events, as per below Table) for any entity in their charge.**

6.1.5 In the case of Event 'Demerger' where Linked PAN can be more than one, select check box 'PAN to be used for Communication' against one Linked PAN of which Name will be used in future. In case Source PAN and Linked PAN are same, then Source PAN will be selected automatically for 'PAN to be used for Communication'.

6.1.6 Below table can be referred for various kinds of events in PAN Module:

No.	Event Name	Source PAN/s	Linked PAN/s	Whether name is updated by event marking
1	Amalgamation	Multiple	Single	Yes
2	Acquisition	Multiple	Single	Yes
3	Merger	Multiple	Single	Yes
4	Death	Single	None	Name is not updated by marking event of Death in PAN module. Rather, if legal heir is added in Common Functions module, then name is updated. (Please see next page).

4	Fake Assessee	Single	None	No
5	Dissolution	Single	None	No
6	Liquidation	Single	None	No
8	Partitioning of HUF	Single	Multiple	Yes
9	Demerger	Single	Multiple	Yes
10	Conversion of Proprietorship to Company	Single	Single	Yes
11	Conversion of Firm to LLP	Single	Single	Yes
12	Conversion of Firm/LLP to Company	Single	Single	Yes
13	Conversion of Company into LLP	Single	Single	Yes

6.2 Legal Heir addition in ITBA and updating of name in ITBA communications

The Legal Heir Details screen in Common Functions module of ITBA facilitates the AOs to add Legal Heir in the system for deceased assessees. Jurisdictional/ Central/ International Taxation AOs can add legal heir, and not FAUs. Following is the overview of the steps to be followed by AOs for adding Legal Heir in ITBA:

ITBA Portal >> Common Functions >> Menu >> Legal Heir Details >> Enter PAN of the Deceased and tab out. Click on Search >> In case legal heir details are available in system, same will be displayed. Else, user will be able to proceed with adding a new Legal Heir for the deceased PAN by clicking on Add Legal Heir >> Enter Date of death >> Enter Legal Heir PAN. Based on PAN, Name and communication Address is displayed on screen >> Select Relation with Assessee >> Select Refund to be released to legal heir (Yes or No) >> In case where Refund to be released is selected as Yes, the request will be submitted to Range Head for approval of legal heir addition request. If Refund to be released is No, it will not be submitted to Range Head for approval. >> Click on Save button to save the details in the system >> AO can add any supporting documents for the Legal Heir request >> In case where Refund to be released is Yes, User has to save Bank Details for the Legal Heir request. In case where Refund to be released is No, Bank details are optional >> If the request has to go to Range for approval, Range User will be able to Approve, Reject or Send Back the request. In Range Head code, screen will be displayed in View Only mode for viewing the details for the Legal Heir request >> Once Legal Heir request is approved by Range Head, status of the Legal Heir in Legal Heir screen as seen by AO will be updated as Active.

The detailed steps along with all screenshots are already provided in the 'User Manual' of Common Functions Module, which is available in 'ITBA Help Guide' section on ITBA Home Page.

After completion of above process, any communication issued in ITBA on the PAN of the deceased will start carrying (in the addressee name field) the name of the Legal heir.

NOTE: It may be noted that by the aforesaid Event marking or Legal heir addition, only name gets updated; and there is no impact on the PAN being printed in the notices/communications.

Further, no additional texts such as “*As successor to ...*” or “*Legal heir of ...*” etc. are added with the names. Only the name of old entity/person gets replaced by that of new entity/person without any other qualifying texts etc.

6.3 Legal Heir issues in ITBA

For the cases processed in ITBA, to claim refund for a deceased assessee, legal heir has to register himself/herself as a legal heir of the deceased assessee. The legal heir can register himself/herself through his/her e-filing portal account or can directly approach the concerned JAO for the same. For the legal heir registered through e-filing, the CPC requests the approval/verification of legal heir details by JAO via an interface table. ITBA scheduled jobs pick the requests from the table and create pendency for the concerned JAO in ITBA Common Functions module. The JAO, after verifying and entering the bank and address details of the legal heir in Common Functions module of ITBA, can submit the request for approval to the Range head. Once Range head approves the request, the data for legal heir details is shared with CPC-ITR via interface table. CPC-ITR reads the approved details from this table and issue the refund to legal heir. On receipt of request from legal heir, JAO can also share a suo-moto legal heir feed with CPC via same interface for issuance of refund to legal heir – using Common Functions module of ITBA.

6.4 Legal heir issues in Legacy ITD-AST

For the cases processed in AST, a functionality to issue refunds determined in AST of deceased assessee to legal heir is available in AST. The prerequisite condition to issue such refunds are as below:

- (a) The original refund has been issued to the deceased and this refund has come back/presented to the Income Tax Department as unpaid.
- (b) There is an order of competent authority w.r.t. declaration of legal heir. In all such cases, the approval of Addl./Joint CIT has been made mandatory for security reasons. An online MIS to view such requests (pending, approved, rejected and all) is also available for AOs as well as Addl./Joint CITs.

The navigation path to access legal heir functionality in AST is Login→AST→Others→Refund Release to Legal Heir (Deceased Assessee).

In case refund issued to assessee gets unpaid due to reason that assessee status changed to deceased, then JAO has the option in AST to add bank account details of legal heir of deceased assessee and issue refund to the legal heir. Once the bank account of legal heir

is added it needs to be validated from NPCI via CPCITR before releasing refund. For this purpose, JAO has been provided a bank account validation screen under Common Functions module in ITBA. JAO enters the data of bank account on screen and on saving, data goes to the CPCITR who in turn shares the data with NPCI for getting bank account validation feed. Once NPCI validates the bank account details, CPC-ITR (CPC Bangalore) provides reverse feed of bank account validation feed to ITBA. After getting successful verification feed, AO will be able to issue the refund to legal heir via refund banker. (Refer AST Instruction No. 96 dated 28.09.2011).

Please note that the AOs are required to capture Legal heir details like PAN, Name, relationship with deceased assessee, address, bank details, remarks etc. while initiating legal heir process. The AOs are also required to attach the copies of documents like death certificate of deceased assessee, deceased assessee PAN, legal heir PAN, address proof etc. while initiating the legal heir process.

7. Miscellaneous Issues

(i) Uploading of manually passed orders onto System:

In cases where AO faces technical challenges while passing order via WS and in certain scenarios where no functionality is available in system for passing various orders via WS, AO can upload orders by MOU (Manual Order Upload). Based upon scenarios, manually passed orders can be uploaded by AOs onto the system in two ways which are as under:

Orders which need to be uploaded from MOU through respective proceeding work-items:

For any Assessment/ Rectification/ Give effect etc. orders of AY 2017-18 onwards, AO needs to upload MOU order through relevant proceeding work-item screen only. For the same, first a work-item must have been created by AO in the concerned module in ITBA.

For example, to upload rectification MOU order, AO is required to initiate the rectification in the rectification module in ITBA → Initiated request would be visible in worklist → click on manual order button present in rectification work-item for uploading the manually passed rectification order. The accounting of the same would be done by CPC-ITR.

Orders that can be directly uploaded via 'Menu' of Assessment module in ITBA:

In case of Penalty orders of AY less than 2007-08, Assessment, rectification and give effect orders of AY less than 2017-18, VSV orders (Assessment side or Penalty side) for any AY, FBT orders of any AY, Processing (143(1)/ 119(2)(b)), the orders can be uploaded directly from "Menu" of Assessment Module in ITBA (Menu item named 'Manual Order Upload' therein).

The JAO can upload the order passed manually by following below steps:

Assessment > Menu > Manual Order Upload > Enter PAN, AY and order details > Depending on the category and order type > Enter Tax payments details > Enter TDS/TCS details > Enter/ Select the refund details > Save > Upload order. The accounting of the same would be done by CPC-ITR.

(ii) Circumstances wherein AOs can issue paper refunds:

For issuance of Paper refunds, ITBA Assessment Instruction No. 11 dated 18.06.2019 should be perused. Paper refunds can be issued in following scenarios:

- (a) Refund to representative assessee of non-resident.
- (b) Refund of recovery made by AO during the pendency of stay proceedings or stay granted by court/competent authority,
- (c) Refund to successor of business as in the matter of amalgamation.
- (d) Refund to foreign national not having bank account in India.
- (e) Refund to member of AOP where collection of AOP demand recovered from members/AOP ceased to exist.
- (f) Where a new PAN is allotted to the person and refund is arising in the proceeding filed/initiated with old PAN.
- (g) Payment of interest under section 132B(4) - Payment of interest under 133B(4) is not refund for interest on refund as per section 237/ 244A. Therefore, such payment of interest may be made as per extant procedure adopted in this regard.
- (h) DDT/BBS Refunds.

The para 5 of the above Instruction mentions some due care and safeguard which should be ensured before the issue of paper refund. After issuing refund by paper cheque, MOU should be uploaded in ITBA, with details of refund issued by paper cheque duly entered, in order to account the refund into system databases.

(iii) Procedure to pass Rectification Order on Penalty Orders passed manually

- (a) Prior to AY 2007-08: The Rectification Order has to be passed manually and the same has to be uploaded in the ITBA through Manual Order Upload Functionality for accounting by CPC-ITR. Please refer to the ITBA - Assessment Instruction No. 9 and 11 dated 07.05.2018 and dated 18.06.2019 respectively for how to upload manual order.
- (b) AY 2007-08 onwards and where the base Penalty Order (Demand) has been uploaded on the system: The Rectification Order has to be passed online through the Rectification Module in ITBA by selecting the relevant Penalty Order.
- (c) AY 2007-08 onwards and the base Penalty Order (Demand) has not been uploaded on the system: First, the Penalty Order has to be uploaded through Manual to System option in Penalty Module of ITBA. Then, the Rectification Order has to be passed online

through the Rectification Module in ITBA by selecting the relevant Penalty Order. Steps to upload Penalty Orders passed manually:

(A) Initiation: Penalty module >> Menu >> Initiate Penalty >> Enter the details >> Generate SCN >> Select manual to system radio button >> Upload the notice issued and click on generate. Pendency will be created in worklist.

(B) Order Passing: Calculate Penalty >> Generate Order >> Select manual to system radio button >> Upload the order and click on generate. Steps for passing Rectification Order on Penalty Orders: Rectification module >> Menu >> Initiate Rectification >> Enter the details >> Click on Initiate. Pendency will be created in worklist. Now click on Worklist >> Workitem >> Re-compute Penalty >> Generate Order >> Enter the contents of order >> Save >> Generate.

(d) A facility on system is also provided to AO to upload a Rectification Order on Penalty order where the Rectification Order has been passed outside system (manually). For AY 2007-08 onwards, facility is provided to generate the Rectification Order (on Penalty) through Manual-to-System (MTS) option where user can attach the Rectification Order and enter issue date. Navigation Path/Steps: Rectification module >> Menu >> Initiate Rectification >> Enter the details >> Click on Initiate. Pendency will be created in worklist. >> Worklist >> Workitem >> Recompute Penalty >> Generate Order >> Select manual to system radio button >> Enter the details >> Save >> Generate.

(iv) Allowing of challan credit while passing Penalty OGE:

For passing penalty OGE order, a functionality is available in the system via penalty rectification module. Under this functionality, while carrying out penalty rectification, AO could give credit of 400 challans only for consumed challans. If 400 challans are available in system in unconsumed status, then firstly these challans require to be consumed via posting of 400 challans. In penalty rectification workitem screen, only consumed 400 challans will appear. If AO wishes to give credits of unconsumed challans, then AO has to proceed through manual order upload in menu of Assessment module as functionality to give credits of unconsumed challans is not available in penalty rectification module.

AO needs to create rectification workitem from initiate rectification proceedings and fill the relevant fields. Further, AO has to update all the fields in Order to be rectified by choosing base order, relevant A.Y., date and order number (in case order has been generated offline, click Manual to System attach a copy of order generated outside the system). Thereafter, go to recompute Penalty on Rectification workitem and AO needs to fill the relevant fields and enter the rectified penalty amount.

- Click **Challan Details** to view the details of regular challan (400) paid by assessee against the already levied penalty (only consumed challans will be visible).

- The bank details of assessee are displayed in the bank details grid. Click **Update Bank Details** to add/ update the bank details while rectifying the penalty demand.
- Click **Save** on the Recompute Penalty Screen and **Return to Workitem**.
- Click **Generate Order** to generate the rectification order for the relevant proceeding. User can enter the order details in the free text area provided.
- Click **Preview** and then click **Generate**.
- Credit of unconsumed challans can not be given through this process. For this MOU is to be used.

Please Note that the approval of Range Head has to be taken before generating rectification order in the case where penalty amount is more than Rs. 10,000/- (when the designation of AO is ITO) and more than Rs. 20,000/- (when the designation of AO is ACIT/ DCIT). (i.e. even if approval taken at the time of original penalty order then also in rectification of penalty order, approval is required again). Further, AO is required to submit the workitem for approval before generation of rectification order.

(v) Issues regarding Dividend Distribution Tax (DDT) payments:

For cases done in Legacy ITD-AST portal -

Process flow in legacy ITD-AST system up to AY 2015-16 w.r.t. DDT, while processing u/s 143(1) or rectification u/s 154 or Assessment u/s 143(3) and other sections, is as under:

(i) The system computes DDT tax to be paid and computes the challans paid towards DDT by assessee.

(ii) Any excess DDT paid can neither be paid (refunded) through the system, nor be adjusted against normal income tax demands.

(iii) However, if AO wishes, he may issue DDT refund via paper cheque mode with the approval of his/her hierarchy as ITBA Assessment Instruction No. 11.

(iv) If there is any shortfall in DDT payments by assessee as compared to assessee's DDT liability and if there is refund determined for Income Tax (other than DDT) refund, then such shortfall is adjusted against the non-DDT refund.

(v) The demand is created on single Demand Identification Number (DIN), if there is any demand either IT or DDT. Hence, single DIN would be created for combined IT demand and DDT Demand.

For cases done through ITBA portal -

Below is the process flow in ITBA/CPC, from AY 2016-17 onwards, w.r.t. DDT.

(I) Processing u/s 143(1):

(a) All e-Filed returns transferred by CPC to AOs in ITBA ITR Processing module would be processed u/s 143(1) by CPC Bangalore. However, in 143(1), CPC does not issue refund of DDT.

(b) CPC does the 'cross-head adjustment' across DDT and non-DDT parts; i.e., DDT refund and Income tax (non-DDT) demand, OR, Income tax (i.e., non-DDT) refund and DDT demand. However, CPC issues refund only for left out portion for IT refund (and not for DDT refund, as said above).

(c) Unlike Legacy ITD-AST, two DINs (Demand Identification Numbers) would be created, if applicable, separately, one for IT and other for DDT.

(d) If any cross ahead adjustment would be done by CPC u/s 143(1) and this would not be correct as per AO, then AO can do 154 from AY 2013-14 onwards to release refund as mentioned in next below para.

(II) Assessment u/s 143(3)/144 and Rectification u/s 154 - From AY 2013-14 onwards through online order passing (called Web Service or WS)

(a) CPC system computes Income tax payable and DDT payable. CPC system does the work of giving credit of the DDT challans - as claimed by assessee (or as updated and shared by AO by orders passed through ITBA).

(b) CPC determines demand or refund for IT and DDT [and also BBS, i.e., Buy Back of Shares, (if applicable)].

(c) On the basis of results of computation for Income Tax (IT) and DDT heads (and BBS also if applicable), CPC system does the 'cross head adjustment' and releases both IT refund and DDT refund, if any.

(d) Two DINs (Demand Identification Numbers) are created separately, one for IT and other for DDT if applicable.

(e) DDT is abolished from AY 2021-22.

(III) Process flow for Manual Order Upload (MOU) in ITBA

No functionality exists to capture DDT related demand or refund details in MOU screen in ITBA, since CPC has not created DDT fields in MOU. Therefore, if online order passing functionality in ITBA-CPC (i.e., Web Service or WS) is not available for a particular section type and particular AY yet, then in urgent cases, the Field Formation/AO may issue DDT refund via paper cheque mode with the approval of his/her hierarchy as per ITBA Assessment Instruction No. 11.

Also, in case AO wishes to issue Interest u/s 244A /244A(1A) that would not be calculated or paid by CPC for either DDT or BBS, then refund on account of such interest will have to be issued by AO through Paper Cheque mode only.

(vi) Procedure/handling of TDS deducted u/s 195 on 244A interest

In Legacy ITD-AST:

In case of non-residents, AO is required to deduct TDS u/s 195 as TDS for 244A interest before-hand. AOs-TAN is required to do so. AO is required to go to refund details screen and make TAN entries. TAN can be activated through following path AST-->Processing-->TAN Activation/Deactivation Screen. TDS amount determined and deducted u/s 195 as TDS for 244A interest would be automatically picked and deposited by refund Banker SBI and the details of such deposits (i.e., challan) would be reflected in OLTAS, through which these details would be shown in the online report provided in this functionality. Therefore, there is no need to deposit the challan by AO. If TAN not available with AO or AO is not willing to deduct TDS then AO can transfer the case to International taxation department. TDS Return filing by AO would be governed as per the provisions of the Income Tax Act. However, an online MIS has been provided to facilitate the filing of TDS returns by AOs.

Please note that the TDS rates are defined in legacy AST application on the basis of prior year, if not shared by International Taxation offices (normally TDS deduction rates would be received at the beginning of each year), however the same can be overwritten by AO either by enhancing or reducing (as per Low Deduction of TDS certificate) at the time of releasing the refund.

In ITBA – Online (WS):

If in any proceeding conducted in online mode (via WS), the outcome is resulted in refund while processing non-resident case, then in such cases refund alongwith 244A calculated interest would be released by CPC-ITR (CPC Bangalore). Therefore, TDS on 244A interest would be deducted by CPC u/s 195 on 244A interest in eligible cases falling under this category. TDS returns would also be filed by CPC. If any such TDS on 244A interest would be deducted by CPCITR, the same would be appeared in refund intimation sheet. The AO could download refund intimation sheet of that AY from list of demand/refund from assessment menu to ascertain the TDS deducted amount. The navigation path to download Refund Intimation Sheet is Login → Assessment → Menu Click on List of Demand/Refund Orders. Click on Pending for Refund/Adjustment Intimation Sheet. Enter PAN and AY (if available). Click on Search. Entry of Order Details would be visible on screen as per details available in system. Select the relevant row and click on Preview Refund Intimation Sheet to preview the sheet. Click on Generate Refund Intimation Sheet. A confirmation message will come and click on Ok to generate. Success message will come on the screen and the document will be visible in View/Download-Order/Letter/Notice screen from Menu.

In ITBA – MOU:

ITBA shares the residential status and amount mentioned by AO in TDS u/s 195 of MOU order which is required to be deposited by CPCITR before releasing the refund to

taxpayer through refund banker. In such cases payment of TDS u/s 195 would be released to ITD by CPC-ITR and CPC-ITR would also file TDS return for the same.

Where MOU is uploaded as NDNR (No Demand No Refund) by releasing the refund manually through cheque in NRI cases then AO is also required to deduct TDS u/s 195 and deposit the amount in bank through cheque. This needs to be entered in refund details as refund release to assessee and AO is also required to file TDS return on Traces portal of the Department.
