



आयकर निदेशालय (पद्धति)  
**DIRECTORATE OF INCOME TAX (SYSTEM)**  
ए आर ए सेंटर, भू-तल, ई-2 झंडेवालान एक्स  
**ARA Center, Ground Floor, E-2, Jhandewalan Extension,**  
नई दिल्ली – 110055, New Delhi – 110055

**F.No. System/ITBA/Instruction/ITR Processing/112/16-17/**

**Dated: 20.02.2019**

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: Processing of Return of AY 2017-18 and Issue of notice for prima facie adjustment under 143(1)(a) (PFA notice) – Regarding**

With effect from AY 2017-18 amendments have been done in the Act with regard to processing of cases under 143(1). Provision of section 143(1D) has been amended, as per which all the returns are required to be processed. Section 241A allowing withholding of refund determined under 143(1) in cases where notice u/s 143(2) is issued is also introduced. ITBA functionality accordingly has been modified/enhanced and intimated to field formation vide ITBA Processing Instruction No 5 dated 14.12.2018.

**2. Further, provision of 143(1)(a) was amended w.e.f 01.04.2017 as per which certain adjustments on income of loss submitted by assessee in ITR are allowed. As per the proviso to the section, no such adjustment is allowed unless notice for such adjustment is given to the assessee. The assessee is allowed to submit response within a period of 30 days of issue of notice. The functionality for the same is provided in System, the details of which are given in following para.**

**3. (i) Notice for adjustment under 143(1)(a) in e-filed returns –**

All E-filed ITRs pushed by CPC to AO for processing either due to the fact that

- a. the case was selected for scrutiny or
- b. where taxpayer has claimed Foreign Tax Credit

are required to be submitted to CPC with necessary data entries in respect of specified fields as described in ITBA Processing Instruction No 3 dated 08/11/2017. Such cases will be examined by CPC and notice to assessee for the purpose of prima facie adjustment, if any, will be given by CPC centrally in all such cases. The AO is not required issue notice of adjustment in such cases. The taxpayer will submit their reply electronically through the e-filing portal which will be considered by CPC before final processing u/s 143(1)(a).

(ii) Since the returns of AY 2017-18 filed in FY 2017-18 are required to be processed by 31.03.2019, therefore it is requested that any action pending with AO for E-filed ITRs may be disposed off on priority preferably before 28<sup>th</sup> Feb 2019 so that CPC has sufficient time to process the cases under 143(1)(a).

(iii) **Notice for adjustment under 143(1)(a) in paper returns -.**

- a. As per the process described in ITBA Processing Instruction No 1 dated 30.03.2017, the data of paper ITR cases is required to be entered in ITBA through ITR module and submitted by AO to CPC.
- b. Paper Returns for AY 2017-18 were allowed only for certain categories of assessee as per Rule 12. Non-Disclosure of salary Income /Any other Income for which TDS is coming in 26AS in such paper returns are primarily coming under the scope of adjustments.
- c. The CPC will analyse the data for the purpose of adjustment under 143(1)(a) and issue notice to assessee intimating him nature of adjustment to be made and the notice of any prima facie adjustment to taxpayer will contain the detail of jurisdictional AO to which the assessee is required to submit his response. The notice to assessee will also be sent through email, if the same is available. **Sample of the PFA notice is at Annexure on Page 5 of this Instruction.**
- d. The CPC will send an email to AOs on their designation based email id to inform that PFA notice has been issued along with copy of the PFA notice in each case so that AO is aware of the nature of adjustment/discrepancy in the ITR..
- e. The complete details of such notices issued by CPC is also available in ITBA in MIS – ITR – PFA notice issued path:  
**ITBA→ITR Processing Module→MIS→Dashboard→Time Barring Paper Returns Pending for Response on 143(1)(a).**
- f. The return is caught under PFA will be visible to AO in view RRR screen under the return type as PFA for necessary action.
- g. The description of the adjustment under PFA are also available in view RRR – PFA reasons by clicking relevant buttons.
- h. The 26AS details will be available to AO in 360 profile for analysis of case.

(iii) **Action to be taken by AO after response of taxpayer is received**

Once the response of assessee is received, the same is to be analysed by AO and following actions can be taken.

**A) E-filed Return**

- a. Taxpayer Agrees or Partially Agrees for Adjustment at e-filing and submits revised return. This is treated as a fresh ITR and same rules will apply as far as PFA is concerned and AO will follow same procedure for processing u/s 143(1),
- b. Taxpayer disagrees for Adjustment at e-filing. Response will be verified by CPC and accordingly return will be processed with or without adjustment as mentioned in Para 3(i) above.
- c. No response received within 30 days from date of issue of notice. CPC will carry out the adjustment and process the return as mentioned in Para 3(i) above.

- d. Return filed u/s 142(1) cannot be revised and therefore, CPC will decide based on response submitted by taxpayer as mentioned in Para 3(i) above.

## **B) Paper Return**

- a. Response of PFA notice can be submitted either with or without Revised Return. Where justification given by taxpayer, the AO can either do correction of data entry in ITR and ITR data resubmitted to CPC on the basis of response submitted by taxpayer to AO. Where revised return is furnished within the time limit under the Income Tax Act, the same may be entered and submitted for processing to CPC. The Original paper ITR will be treated as closed in view of the revised ITR filed. AO should consider the data in the revised ITR and assure that the taxpayer has included the income proposed for prima facie adjustment or has provided an acceptable explanation for partial or non-inclusion. On the basis of modified data or the revised return submitted by AO the ITR will be processed. Intimation to taxpayer will be issued by CPC as per the extant procedure.
  - b. If the assessing officer comes to conclusion that no adjustment in the case is warranted, he can click on the button “No PFA” in Part A General and submit the data to CPC. Based on AO’s request, the CPC will not apply any rule for Prima Facie Adjustment and return will be processed. The process described in (a) & (b) can be carried out simultaneously.
  - c. **Issue PFA notice:** If AO wishes to issue the PFA notice the same can be done by pressing the button “Issue PFA notice” which is available at the bottom of screen along with other buttons. As per provision of Act, assessee is required to respond to notice within 30 days of the date of issue of notice, therefore, 30 days period will come by default as period of compliance by assessee. The AO is required to submit the modified data or the revised return to CPC again after obtaining the response from the taxpayer as per process in para (a) & (b).
  - d. If AO does not submit modified data or the revised return as a consequence of non-responsiveness of the taxpayer within 30 days of issue of notice, the return will be processed with adjustments as provided under s. 143(1)(a) by CPC on the basis of PFA notice issued.
4. As all the returns of AY 2017-18 are required to be processed by 31.03.2019, therefore,
- a. All data of paper returns should be submitted to CPC for processing by 28.02.2019 so that CPC can apply the rules to identify cases for any PFA before processing ITR.
  - b. The response of assessee to AO on the notices issued under PFA should be submitted to CPC expeditiously well before time barring date.
  - c. If any paper ITR is not submitted to CPC as on 28.02.2019, it will be the responsibility of AO to issue PFA notice. For all such cases CPC will process the ITR as if the AO has completed the PFA notice process and the data submitted is final without the requirement of any adjustment.

Training material including user manual, help content and frequently asked questions (FAQs) are available on the ITR Module Home Page and on **ITBA Portal → Online Training on ITBA**. Users can refer these in case of any issues.

5. Users are advised to contact helpdesk in case of any issues in respect of the ITBA.
  - a. URL of helpdesk - <http://itbahelpdesk.incometax.net>
  - b. Help desk number – 0120-2811200
  - c. Email ID – [helpdesk\\_messaging@incometax.gov.in](mailto:helpdesk_messaging@incometax.gov.in)
  - d. Help desk Timings – 8.30 A.M. – 7.30 P.M. (Monday to Friday)
6. This is issued with prior approval of Pr DGIT(Systems).

Yours sincerely,



(Ramesh Krishnamurthi)  
Addl DG (S)-3, New Delhi

**Copy to:**

1. The P.P.S to Chairman, Member(L), Member(Inv.), Member(IT&C), Member(Rev.), Member(A&J) & Member(Admin),CBDT for information.
2. The P.S. to Pr.DGIT(S) for information.
3. The Web Manager, of [www.irsofficersonline.gov.in](http://www.irsofficersonline.gov.in) website with the request to upload the Instruction.
4. ITBA Publisher ([ITBA.Publisher@incometax.gov.in](mailto:ITBA.Publisher@incometax.gov.in)) for <https://itba.incometax.gov.in> with the request to upload the Instruction on the ITBA Portal.



(Ramesh Krishnamurthi)  
Addl DG (S)-3, New Delhi

## Annexure- Sample Prima Facie Adjustment Issued by CPC on behalf of AO in PAPER ITR submitted in ITBA



Bengaluru-560500

Telephone: 18001034455 (Toll Free) or 080-46605200

<b>Name and Address</b> <div style="background-color: #cccccc; height: 30px; width: 100%;"></div>	<b>AO Name and Address:</b> INCOME TAX OFFICER, NON CORP. WARD 19(1) CHE MD S05 CHENNAI-WA No. 121 MAHATMA GANDHI ROAD CHENNAI TN Pincode: 600034
<b>Communication Reference No.</b> CPC/1718/G21/ <div style="background-color: #cccccc; width: 100px; height: 15px;"></div>	<b>Date of Communication:</b> 17-02-2019
<b>Assessment Year</b> 2017-18	<b>PAN</b> <div style="background-color: #cccccc; width: 150px; height: 15px;"></div>

Dear Sir/Madam,

**Subject:** Notice for Prima Facie Adjustment u/s 143(1)(a)-Communication for the PAN:  and AY: 2017-18.

Please find details of income that have been reported in your 26AS statement but not mentioned by you in the Income Tax Return filed by you bearing acknowledgement number:

**It is requested that you may contact your jurisdictional Assessing Officer as mentioned in the above and either file a Revised return or explain the variance satisfactorily within 30 days of receipt of this communication.**

Please note that if no response is received within this stipulated period, your return will be processed with the adjustments proposed in this communication.

**Note:** Please note that this communication is being issued by the Centralized Processing Center on behalf of the Assessing Officer and may be treated as if the communication has been issued by the Assessing Officer.

Digitally signed by AMRIT RAJ SINGH  
 Date: 2019.02.17 12:47  
 Reason: I AM FULLY SIGNED  
 Location: BANGLORE - CPC

AMRIT RAJ SINGH

Deputy Commissioner of Income Tax,  
 CPC, Bengaluru

This communication is computer generated and may not contain signature. Where sent by email, this is signed with the digital signature of the Income Tax Department - CPC, which is obtained from a certifying authority under the Information Technology Act, 2000. For any queries, please quote the PAN, Communication Reference Number and call on the telephone number provided above.



18230848925000

(i) <b>Arithmetical error -u/s 143(1)(a)(i)</b>					
SI.No.	Schedule	Amount in Income Tax Return	Amount as computed	Variance	Reason
1	Income And Deductions	131814	306810	174996	The difference between Gross total Income and Total deductions is not consistent with Taxable total Income
(ii) <b>Incorrect Claim u/s 143(1)(a)(ii)</b>					
SI.No	Schedule	Amount in Income Tax Return	Amount as computed	Variance	Reason
1	Deductions	300000	125000	175000	The maximum limit allowable under section 80DD for resident assessee is Rs. 1,25,000/-
(vi) <b>Income as per Form 26AS which has not been included in computing the total income in the return-143(1)(a)(vi)</b>					
SI.No	Head of Income	Income as per Income Tax Return	Amount paid/credited as per Form 26AS	Variance	Reason
	(i)	(ii)	(iii)	(iv)= (ii) - (iii)	(v)
1	Other Sources	0	18287	18287	There is inconsistency between Other Source income in return and Form 26AS