

"Reply to Notice Under Section 245: Objection to Tax Demand Set-Off Against Refund"

From,

[Your Name]

[Your Address]

[City, State, PIN Code]

[Email ID]

[Contact Number]

Date: [DD/MM/YYYY]

To,

The Assessing Officer

[Income Tax Circle/Ward]

[Office Address]

Subject: Reply to Notice Under Section 245 – Objection to Tax Demand Set-Off Against Refund

PAN No: [Your PAN]

Dear Sir/Madam,

My client [**Client's Name**] has received your **Notice under Section 245 of the Income Tax Act, 1961**, dated [DD/MM/YYYY], proposing to **set off certain outstanding tax demands against the income tax refund for Assessment Year [Mention Year]**.

After thoroughly reviewing the **income tax records**, my client wishes to raise the following **objections to the proposed tax adjustment under Section 245**:

1. Appeal Relief Not Given Effect

- My client obtained **relief in appeal before the Commissioner of Income Tax (CIT Appeals) for Assessment Year [Mention Year]**.
- However, the **appeal effect has not yet been granted**, which, upon rectification, would result in **no outstanding tax liability**.
- A **copy of the appellate order** is enclosed for reference, and I request you to **recompute the tax demand accordingly**.

2. Incorrect Set-Off of Partnership Firm's Tax Demand

- The **tax demand related to a partnership firm** for **Assessment Year [Mention Year]** has been proposed to be **adjusted against my client's refund** solely on the basis that my client is a partner.
- However, as per the **Income Tax Act**, such an adjustment is not legally **permissible under Section 245**.
- My client formally **objects to this improper tax demand adjustment**.

3. Foreign Income Tax Demand Kept in Abeyance Under Section 220(7)

- The **outstanding tax liability** for **Assessment Year [Mention Year]** pertains to **income earned outside India**.
- As per **foreign exchange regulations**, remittance has been restricted, and accordingly, the **tax has been kept in abeyance under Section 220(7)**.
- Therefore, this **outstanding demand should not be adjusted against my client's refund**.

Request for Full Refund Without Set-Off

- Considering the above facts, the proposed **tax demand adjustment under Section 245** is **not valid**.
- I request you to **issue my client's full income tax refund** without any set-off.

I appreciate your **immediate attention** to this matter and look forward to a **prompt resolution**.

For expert tax consultation, visit www.companymitra.com.

Thank you.

Yours faithfully,

[Your Name]

[Your Designation] (if applicable)