

Computerised Accounting **and E-filing of Tax Returns**

Sem:VI

Topic :Income Tax Return Filing

✓ An General An Overview

1. What is an income tax return?

An income tax return is a form where taxpayers declare their taxable income, deductions, and tax payments. This procedure of filing income tax returns is referred to as income tax filing. While filing, the total income tax you owe to the government is also calculated. If you've paid more tax than needed for the financial year, the IT Department will refund the extra money to your account. If you have underpaid taxes for the year, please pay the remaining amount, and then file your income tax returns.

Income tax return form ranges from ITR 1 to ITR 7, used for different types of income. Some forms are longer than the others, and they may need additional disclosures such as balance sheet and a profit and loss statement information.

2. How can you file an income tax return in India?

You can file your income tax returns online, either on the income tax department's website i.e www.incometaxindiaefiling.gov.in

3. What are the details you need when you're e-filing your income tax returns?

- Produce basic information such as PAN, Aadhar Card, and current address.
- Details about all the bank accounts you've held in the given financial year is mandatory.
- Income proofs like current salary details, income from investments (like FDs, savings bank account) etc.
- Information about all the deductions you've claimed under Section 80.
- Tax payment information such as TDS and advance tax payments.

4. What is the benefit of income tax return file?

Filing your ITR on time does make you feel responsible and good about yourself, but the benefits don't end there. Filing your ITR on time can benefit you in more ways:

1. Easy Loan Approval

Filing the ITR will help individuals when they have to apply for a vehicle loan (2-wheeler or 4-wheeler), House Loan etc.

2. Claim Tax Refund

If you have a refund due from the Income Tax Department, you should file your Income Tax Return on time to receive the refund as early as possible.

3. Income & Address Proof

Income Tax Return can be used as a proof of your Income and Address – mandatory when you apply for a loan or visa.

4. Quick Visa Processing

Most embassies & consulates require you to furnish copies of your tax returns for the past couple of years at the time of the visa application.

5. Carry Forward Your Losses

If you file the income tax return within the due date, you will be able to carry forward losses to subsequent years. This can be used to set off against income in the coming years.

6. Avoid Penalty and prosecution

The income tax officer can initiate proceedings for prosecution for a term of 3 months to 2 years and with fine if you don't file your ITR. If the tax you owe exceeds Rs. 25 lakh, the period may extend to 7 years.

Note :The above proceedings shall not be initiated where the net tax payable does not exceed Rs. 3000. Further, the income tax officer may impose a penalty of up to 50% of the tax due in the case of under-reporting of income.

Different Return of Income, Returns Forms their applicability, Due Dates of submission, Mode of Submission of returns and Late Filing Fees u/s 234F, Procedure to file a return electronically.

A. Different Return of Income,

- 1. Return of Income [Sec 139(1)] :** Every tax payer is required to declare to the Income tax Department, at the end of a financial year, in a form prescribed by the Government, summary of incomes which he earned during the year ended on 31st March.

The Government collects this statement in the form of a Tax Return in one of the eight forms prescribed. This statement duly signed and affirmed by the individual as it being a complete and true statement of his income during the previous financial year is called RETURN OF INCOME.

- 2. Return of Loss [Sec 139(3)] :** A return of loss can also be filed in the prescribed form within the due date. The following losses cannot be carried forward if the return of loss is not submitted in time.

- Business Loss (speculation or otherwise)
- Capital Loss
- Loss from the activity of owning and maintaining race hores

- 3. Belated Return [Sec 139(4)] :** This is applicable to any person who has not furnished his return of income within the due date.

- a.** The expiry of one year from the end of the relevant Assessment Year
- b.** Completion of assessment

Whichever is earlier.

Invalid Return: Return of income filed after the belated period will be treated as invalid.

4. Revised Return [Sec 139(5)] :

Conditions:

- a. *There should be an omission or wrong statement in the original return filed.*
- b. *The original return should have been filed within due date.*

Time limit : The revised return shall be filled before

- a. *The expiry of one year from the end of the relevant Assessment Year.*
- b. *Completion of assessment.*

Whichever is earlier.

Significance of revised return:

- a. *The revised return will be considered as having been filed when the original return was filed.*
- b. *The effective return for the purpose of assessment is the revised return filed by the assessee.*
- c. *The assessee is entitled to furnish a second revised return if the assessee discovers any omission or wrong statement in the revised return, provided such second return is filed within the time prescribed above*

Notes :

- **Act does not place restriction on number of times a return can be revised.**
- **A belated return cannot be revised**

B. Returns Forms their applicability

Form	Description
ITR 1	For Individuals being a Resident (other than Not Ordinarily Resident)

	having Total Income upto Rs.50 lakhs, having Income from Salaries, One House Property, Other Sources (Interest etc.), and Agricultural Income upto Rs.5 thousand(Not for an Individual who is either Director in a company or has invested in Unlisted Equity Shares)
ITR 2	For Individuals and HUFs NOT having income from profits and gains of business or profession
ITR 3	For individuals and HUFs having income from profits and gains of business or profession
ITR 4	For Individuals, HUFs and Firms (other than LLP) being a Resident having Total Income upto Rs.50 lakhs and having income from Business and Profession which is computed under sections 44AD, 44ADA or 44AE (Not for an Individual who is either Director in a company or has invested in Unlisted Equity Shares)
ITR 5	For persons other than:- (i) Individual, (ii) HUF, (iii) Company and (iv) Person filing Form ITR-7
ITR 6	For Companies other than companies claiming exemption under section 11
ITR 7	For persons including companies required to furnish return under sections 139(4A) or 139(4B) or 139(4C) or 139(4D)

C. Due Dates of submission of Return

Types of Assessee	Due Date
A Company	30th September of the Assessment Year
A person other than a company, required to get its accounts audited under this Act or	

any other law for the time being in force	
A working partner of a firm, where the accounts of the firm are required to be audited under this Act or any other law for the time being in force.	
Any other Assessee	31st July of the Assessment Year

Note: If the Income Tax office is closed on the day for filing of return, then the assessee can file the return on the next day on which the office is open. Return so filed shall be treated as filed within due date.

D. Mode of Submission of Return

Person	Condition	Mode of Furnishing return
Individual/ HUF	Accounts are required to be audited.	Electronically with digital signature.
	Accounts are not required to be audited.	<ul style="list-style-type: none"> a. Electronically with digital signature b. Transmitting the data electronically under electronic verification code (EVC) c. Transmitting the data electronically and thereafter submitting From ITR-V
Firm,LLP,AOP,BOI etc	Accounts are required to be audited.	Electronically with digital signature.
	Accounts are not required to be audited.	<ul style="list-style-type: none"> a. Electronically with digital signature b. Transmitting the data electronically under electronic

		verification code (EVC) c. Transmitting the data electronically and thereafter submitting From ITR-V
Company		Electronically with digital signature.

E. Late Filing Fees u/s 234F

Effective from the financial year 2017-18, a late filing fee will be applicable for filing your returns after the due date i.e. 31 August 2019 under section 234F. The maximum penalty is Rs. 10,000.

If you file your ITR after the due date (31 August) but before 31 December, a penalty of Rs 5000 will be levied. For returns filed later than 31 December 2019, the penalty levied will be increased to Rs.10,000. There is a relief given to small taxpayers – the IT department has stated that if the total income does not exceed Rs 5 lakh, the maximum penalty levied for delay will be Rs 1000.

F. Procedure to file a return electronically

- Visit the Income Tax site (www.incometaxindiaefiling.gov.in)
- Log on using the user-ID and password.
- Download the respective ITR form
- Fill up the form
- Upload the XML file generated.
- Upon uploading ,an acknowledgement will be generated.
- If the file is uploaded with a digital signature, then the process of filing return is complete.
- If the file is uploaded without a digital signature, then take the printout of the ITR-V generated and send the same by speed post or ordinary post to the address mentioned therein.
