

## Lesson no. 8 – Return Forms

### Documents required to fill ITR

It is important to have all the relevant documents handy before you start your e-filing process.

- Bank and post office savings account passbook, PPF account passbook
- Salary slips
- Aadhar Card, PAN card
- **Form-16**- TDS certificate issued to you by your employer to provide details of the salary paid to you and TDS deducted on it, if any

Interest certificates from banks and post office

- **Form-16A**, if TDS is deducted on payments other than salaries such as interest received from fixed deposits, recurring deposits etc. over the specified limits as per the current tax laws
- **Form-16B** from the buyer if you have sold a property, showing the TDS deducted on the amount paid to you
- **Form-16C** from your tenant, for providing the details of TDS deducted on the rent received by you, if any
- **Form 26AS** - your consolidated annual tax statement. It has all the information about the taxes deposited against your PAN
  - a) TDS deducted by your employer
  - b) TDS deducted by banks
  - c) TDS deducted by any other organisations from payments made to you
  - d) Advance taxes deposited by you
  - e) Self-assessment taxes paid by you
- Tax saving investment proofs
- Proofs to claim deductions under section 80D to 80U (health insurance premium for self and family, interest on education loan)
- Home loan statement from bank

### What is Form 26AS?

Form 26As is a vital document showing the portion of tax deducted at source on payments/investments made by individuals, employees and freelancers. This enables the taxpayers to claim refunds for any additional tax or overdue tax payments made.

The new Form26AS, which is applicable from AY2020-21, has been refurbished to make it easier to file income tax returns online as well as encourage compliance with any tax regulations.

- An important feature of the new Form26 AS is its statements of financial transactions. As the name implies, these are statements where the taxpayers recall all major financial transactions they have made which would be to their benefit while filing their returns.
- The new format of 26AS will also show your Aadhar card details, date of birth, email and house addresses, your date of birth and also your mobile number.
- It will indicate whether there are any tax proceedings which are pending or completed with the tax authorities.

## How to link Aadhar to Income Tax returns

it is compulsory for every individual taxpayer to quote their Aadhar number while filing tax returns. He/she is also required to link their PAN (permanent account number) card to their Aadhar number. One cannot file a tax return either digitally or manually unless the Aadhar number is quoted. Senior citizens can file their tax returns manually but those below 80 years of age have to file it electronically.

To link your Aadhar number to your income tax return-

- Type or write down the number in the additional spaces provided in the new ITR forms provided in the Income Tax website.
- If you have applied for an Aadhar number but have not received it, you can use the 28 digit enrolment ID in place.
- The Aadhar number gets automatically populated in the ITR forms if it has been electronically added before.

## One time verification of past ITRs by September 2020

The Income Tax authority of India has allowed one time verification of previously filed returns up to September this year. Previously, tax payers were given only 120 days' window to verify the returns from the date of filing the same. The up to September 2020' one time verification provision is for those taxpayers who have not verified their tax returns from the assessment years 2015-16 to 2020-21.

Whenever someone files a return online, the same has to be verified by dispatching the signed ITRV slip by post or digitally to the CPC, Bengaluru. The verification is a declaration by the taxpayer confirming that the details provided in the returns he filed is true and correct. Tax return verification is crucial, as in the event of a return not being verified, the tax filing process is rendered incomplete. The taxpayer can thus incur penalties.

## What's new in the ITR forms?

The new IT return forms include relief measures announced due to the COVID-19 global pandemic. These new tax return forms were recently notified by the Central Board of Direct Taxes.

The forms have the following features:

- **Wider scope of taxpayers**: The tax net has been widened to include individuals, Hindu undivided families (HUFs) as well as partnership firms who have deposited more than Rs 1 crore in a bank, incurred personal travel expense of Rs 2 lakh plus or paid a power utility bill of more than Rs 1 lakh.
- **Separate schedule**: A separate schedule called Schedule DI has been allotted in the new form to enable the tax payer to indicate the amount invested or spent on which he/she needs a tax rebate.
- The earlier amendment prohibiting joint owners of a house from filing tax return, either with ITR-1 or ITR-4, has been done away with.

## Importance of e-filing

**Electronic filing** or e-filing is a process that involves submitting tax returns over the internet. This is done using a tax preparation software that has been pre-approved by India's Income Tax Department.

E-filing has several benefits that have made the online system of tax payment increasingly popular. The taxpayer has the liberty to file a tax return from his or her home, at any convenient time, during a specific period in a financial year.

Even though it is not mandatory for certain individuals to file ITRs, it can be beneficial for them. Here's a look at what benefits individual who file their ITR can enjoy:

1. **While claiming a refund**: There is a good possibility that there has been tax deduction at source (TDS) on the name of an individual who makes an income or investment in India. If the taxpayer wishes to claim a refund on the TDS (as per the tax laws), then he or she needs to file the ITR for the same.

2. **Ease in documentation verification:** Income tax returns help you prepare documents that establish your income chart, which can be used while applying for loans. This is because the application for loans checks your eligibility based on your income. An ITR document gives a detailed picture of your total income besides being the most accepted document during visa and loan applications.
3. **As proof of income:** Income Tax Return documents serve as income proof and help your insurer understand the compensation required to be paid in case of accidental death or disability. Since it is submitted to a government body, it is considered to be a verified and official document.

To file your ITRs, you can either directly fill the form online or take help from a professional. The Income Tax Return form is called 'Sahaj' and can be downloaded from the Income tax department's official website or filled up online. Once you complete filing your return, an ITR-V form will be generated as an acknowledgement. This form needs to be verified within 120 days of filing your returns.

## Which ITR Form should you fill?

The official website of the Income Tax Department lists several forms that taxpayers may be required to fill up based on their income. While some of these forms are easy to fill, others require additional disclosures such as your profit and loss statements. To help you better understand the forms available, here's a quick guide:

1. **ITR-1:** Sahaj or ITR- 1 is to be filed individuals being a resident (other than not ordinarily resident) having total income upto Rs.50 lakh, having Income from Salaries, one house property, other sources (Interest etc.), and agricultural income upto Rs.5 thousand.
2. **ITR-2:** This form should be filed by Individuals and HUFs not having income from profits and gains of business or profession.
3. **ITR-3:**This form is for individuals and HUFs having income from profits and gains of business or profession
4. **ITR-4 :** (Sugam): If your business attracts presumptive income for you, then you need to fill this form. This form is to be filed by Individuals, HUFs and Firms (other than LLP) being a resident having total income upto Rs.50 lakh and having income from business and profession which is computed under sections 44AD, 44ADA or 44AE.

## How to check ITR status online?

Once you have filed your income tax returns and verified it, the status of your tax return is 'Verified'. After the processing is complete, the status becomes 'ITR Processed'.

If you wish to know which stage your tax return is after filing it and want to check your ITR status online, here's how you can do it in easy steps.

### Option One

#### ***Without login credentials***

You can click on the ITR status tab on the extreme left of the e-filing website.

You are then directed to a new page where you have to fill in your PAN number, ITR acknowledgement number and the captcha code.

Once this is done, the status of your filing will be displayed on the screen.

### Option Two

#### ***With login credentials***

Login to the e-filing website.

Click on the option 'View Returns/Forms'

From the dropdown menu, select income tax returns and assessment year

Once this is done, the status of your filing (whether only verified or processed) will be displayed on the screen.

Keeping the Income Tax Department informed about your income and taxability will keep you on the right side of the law and prevent any blocks in your financial competency. Now that you know whether or not you compulsorily have to file your ITR, you need to ensure that you complete the process before the deadline every year.

## How to Download Income Tax Return?

It is important to how to file ITR on time, to avoid last minute stress and penalties. Once you have filed your ITR, the income tax verification form is generated by the IT department so that taxpayers can verify the validity and legitimacy of e-filing. These are applicable only if you have filed your returns without a digital signature.

The income tax return verification form can be downloaded in easy steps.

1.) Log in to the Income Tax India website <https://portal.incometaxindiaefiling.gov.in/e-Filing/UserLogin/LoginHome.html?lang=eng>

2.) View e-filed tax returns by clicking on 'View Returns/ Forms' option

### Select option Income tax returns

Details of all the years for which returns are filed will be displayed

- 1.) Click on the acknowledgement number to download the ITR-V.
- 2.) Begin the download by selecting 'ITR-V Acknowledgment'
- 3.) To open the downloaded document, enter your password to open the document. The password is your PAN number in lower letters along with your birthdate.

### **For example-**

PAN - ASIJP2345P

Birthdate - 31/12/1980

Password - asijp2345p31121980

- You need to send the printed and signed document to CPC Bangalore within 120 days of the e-filing. There is also an option of E verification of Income tax return by generating aadhar otp, through net banking, through ATM etc

### **Why should i file my Income tax return?**

A lot of individuals seem to think that filing tax returns is voluntary and therefore dismiss it as unnecessary and burdensome. As we will see, this is not a very healthy perspective on tax-filing. Filing tax returns is an annual activity seen as a moral and social duty of every responsible citizen of the country. It is the basis for the government to determine the amount and means of expenditure of the citizens and provides a platform for the assessee to claim refund, among other forms of relief from time to time.

#### **1. Filing returns is a sign you are responsible**

The government mandates that individuals who earn a specified amount of annual income must file a tax return within a pre-determined due date. The tax as calculated must be paid by the individual. Failure to pay tax will invite penalties from the Income Tax Department.

Those who earn less than the prescribed level of income can file returns voluntarily.

Filing returns is a sign that you are responsible. Not just that, it also makes it easier for individuals and businesses to enter into subsequent transactions since their income is recorded by the tax department with applicable tax, if any, having been paid.

## 2. Filing returns is mandatory in some cases

Even if your income level does not qualify for mandatory filing of returns, it may still be a good idea to voluntarily file returns. In most states, registration of immovable properties requires advancing as proof the tax returns of last three years. Filing returns makes it easier to register the transaction.

## 3. Your loan or card company may want to see your return

If you plan to apply for a home loan in future it is a good idea to maintain a steady record of filing returns as the home loan company will most likely insist on it. In fact, you may even consider filing your spouse's returns if you want to apply for a loan as a co-borrower. Likewise, even credit card companies may insist on proof of return before issuing a card.

Financial institutions may insist on seeing your returns over the past few years before transacting with you. In fact, the government may make it mandatory for them to do so, thereby indirectly nudging individuals to file returns regularly even when it's voluntary.

## 4. If you want to claim adjustment against past losses, a return is necessary

Filing returns on time has many advantages regardless of whether you draw the prescribed level of income necessary to file returns.

Various losses incurred by an individual or a business, both speculative as well as non-speculative, short term as well as long term capital losses and various other types of losses not recorded in the tax return in a financial year, cannot be shown for exemption in subsequent years for the purpose of tax calculation. So it's best to file returns regularly, because you never know when you may want to claim an adjustment against past losses.

## 5. Filing returns may prove useful in case of revised returns

In case the assessee hasn't filed the original return, he cannot subsequently file a revised return, even when he really needs to. Under the Income Tax Act, non-filing of returns can attract a penalty of Rs 5,000. So while filing returns is a voluntary activity, there are times when it could hold legal implications for those who do not do so, especially if they must file a revised return in future.

## What are the Advantages of filing Income tax return?

### 1. Prompt processing

The acknowledgment of Income Tax Return (ITR) is quick. More importantly, refunds, if any, are processed faster than paper-filed returns.

## **2. Better accuracy**

E-filing software with built-in validations and electronic connectivity is seamless and minimizes errors considerably. Paper-filings can be prone to errors. Also, when any paper-based form is migrated to the electronic system, there is a possibility of human error in data entry.

## **3. Convenience**

No time and place constraint in filing returns online. E-filing facility is available 24/7 and you can file anytime, anywhere at your convenience.

## **4. Confidentiality**

Better security than paper filings since your data is not accessible to anyone either by design or by chance. With paper filings details of your income can fall in the wrong hands at your chartered accountant's office or in the Income Tax Department's office.

## **5. Accessibility to past data**

You can easily access past data while filing returns. Most e-filing applications store data in a secure manner and allow for easy access at the time of filing subsequent returns.

## **6. Proof of receipt**

You get prompt confirmation of filing, both at time of filing and subsequently, via email on your registered email id

## **7. Ease of use**

E-filing is friendly and the detailed instructions make it easy even for individuals not very conversant with the internet

## **8. Electronic banking**

Convenience of direct deposit for refund and direct debit for tax payments. You have the option to file now, pay later - decide what day to debit your bank account for tax payment, among other convenience features.