Content for Taxation & E-Filing

Lesson no. 1 – What is Taxation & E-filing?

Filing income taxes doesn't need to be a challenging task. If you are worried that filing taxes is about carrying hundreds of papers and organising everything like students do before an exam, let us tell you right away that income tax filing today is nothing like that. With India embracing the digital world and the many conveniences it offers, electronic filing (e-filing) makes it possible to file income tax returns (ITRs) in a matter of few clicks. The best part is you can e-file your taxes right from the comfort of your home or workstation in your office. There are no long queues where time is wasted or human interactions that complicate matters. Just register on the Income Tax efiling website.

What is E-filing?

E-filing is the short form of electronic filing of income taxes. E-filing is when you electronically file your income tax returns online for a particular year. This means you no longer need to visit the nearest Income Tax Department's office to file your returns physically. Instead, you log onto the internet and do the job.

3 ways to do E-filing

There are three basic ways to file income tax returns electronically.

First option - You can use a Digital Signature Certificate (DSC) to e-file. A DSC is a useful way of electronically signing documents, because it is the digital equivalent of physical or paper certificates.

The second option - You can e-file without a DSC. In this case, 'Income Tax Return–Verification' or ITR-V form is generated which is a one-page document. In case Aadhar details are not updated on Income Tax site, the form should be printed, signed and submitted to Central Processing Centre (CPC), Bangalore via post within 120 days from the date of e-filing.

The third option - You can e-file income tax return without DSC and verify it with Aadhar number or through a bank. In this case, ITR-V is not required be to submitted to CPC.

Why should you file an income tax return?

Apart from the benefits of filing income tax returns on time, filing ITR is also pocket-friendly. You can avoid the penalties imposed due to delayed tax return filing. Filing your ITR post the year's deadline makes you liable to pay a maximum penalty of `10,000.

Benefits of filing income tax returns

Filing income tax returns is very helpful for certain activities. Be it applying for a loan, travelling overseas or dealing with financial losses, those who file income tax returns find it easy in every step of the way. Let us explain how.

Refund - A portion of a taxpayer's income, whether salaried or business person, is deducted as Tax Deducted at Source (TDS). But, if you have made investments that are deductible from taxable income, then your actual tax dues as per your income tax slab may be much lesser than what is already paid. The excess tax paid can be claimed and refunded, but only if you file your taxes.

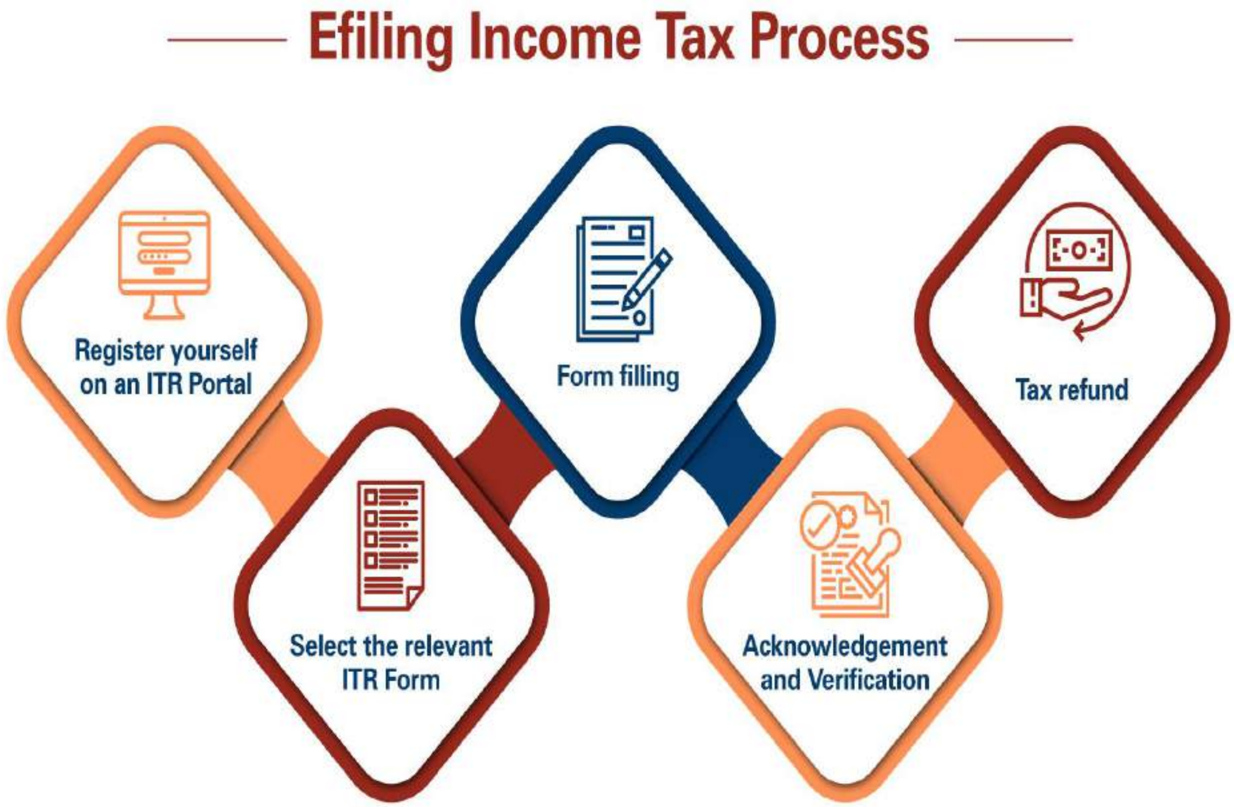
Visa – Overseas trips to most countries require a visa. Visa processing requires that you as an Indian submitted your tax returns in the past few years. These returns have to be produced before the officials of the destination country's embassy or consulate.

Loans – Be it any loan, as part of the documentation, banks will ask you to show tax returns for the past few years. The returns will be used to understand your financial situation. If you do not have returns, your application may be rejected.

Credit card - Credit card issuers want to know whether the credit card applicant is in a position to pay back the credit. The income tax return is a document that shows the income of the person. Without income tax returns, you may not get a higher credit limit.

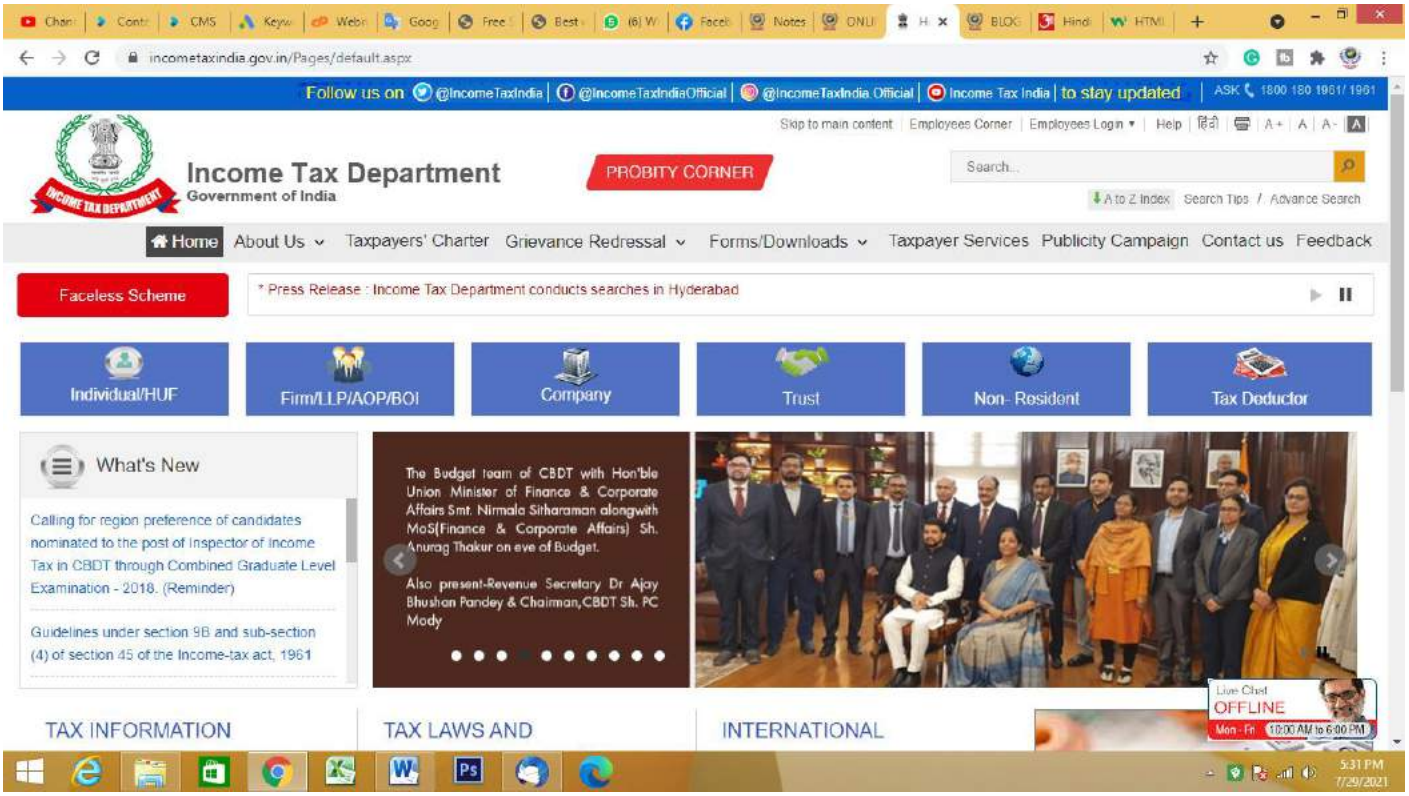
Loss adjustment - As per current income tax laws, an individual can carry forward losses to offset against future taxable income. This can be done for up to eight years consecutively. If you have income tax returns, you can use them to build a case and carry forward/adjust your losses against your future taxable income.

Steps to do E-filing in India



Lesson no. 2 – Introduction of income tax website

In india all the taxation relation work we can do by this website www.incometaxofindia.gov.in



Lesson no. 3 – Individual & HUF

Who has to obtain PAN?

PAN is to be obtained by following persons:

Every person if his total income or the total income of any other person in respect of which he is assessable during the previous year exceeds:

In the case of	Basic Exemption Limit
Individual	Rs. 2,50,000.00
Resident Individuals of the age of 60 years and above but below 80 years	Rs. 3,00,000.00
Resident Individuals of 80 years above	Rs. 5,00,000.00

Every person who intends to enter into specified financial transactions in which quoting of PAN is mandatory

HINDU UNDIVIDED FAMILY (HUF)

1. Hindu Undivided Family ('HUF') is treated as a 'person' under section 2(31) of the Income-tax Act, 1961 (herein after referred to as 'the Act'). HUF is a separate entity for the purpose of assessment under the Act.
2. Under Hindu Law, an HUF is a family which consists of all persons lineally descended from a common ancestor and includes their wives and unmarried daughters. An HUF cannot be created under a contract, it is created automatically in a Hindu Family.
3. Jain and Sikh families even though are not governed by the Hindu Law, but they are treated as HUF under the Act.

Assessment of HUF :-

An HUF is recognized as a separate assessable entity under the Act. Its income may be assessed if following two conditions are satisfied:

1. There should be a coparcenership. In this connection, it is worthwhile to mention that once a joint family income is assessed as that of HUF, it continues to be assessed as such in subsequent assessment years till partition is claimed by coparceners.
2. There should be a joint family property which consists of ancestral property, property acquired with the aid of ancestral property and property transferred by its members.

Ancestral Property: Ancestral property may be defined as the property which a man inherits from any of his three immediate male ancestors, i.e. his father, grandfather and great grandfather. Therefore, property inherited from any other relation is not treated as ancestral property. Income from ancestral property held by following families is taxable as income of HUF:

- A family of widow mother and sons (may be minor or major) ;
- Family of husband and wife, having no child ;
- Family of two widows of deceased brothers ;
- Family of two or more brothers ;
- Family of uncle and nephew ;
- Family of mother, son and son's wife ;
- Family of a male and his late brother's wife.

Note

Property obtained by daughter from joint family property would be her absolute property. Any income therefrom is chargeable to tax in her hands in the individual status only. This will also apply to any legal heir obtaining property in the capacity of a descendent.

Lesson no. 4 – How to apply for PAN Card?

How to apply for PAN?

1) Online Application - An online application can be made from the website of UTIITSL or NSDL

2) Through PAN Application Center - Application for PAN can be submitted at the **PAN Application center**

Applicable Form49A

Documents required for Application(a) An affidavit by the karta of the Hindu Undivided Family stating the name, father's name and address of all the coparceners on the date of application; and

(b) copy of any document applicable in the case of an individual, in respect of karta of the Hindu undivided family, as proof of identity, address and date of birth.

Track Status

Applicant will receive an acknowledgment containing a unique number on acceptance of the application form. This acknowledgement number can be used for tracking the status (NSDL / UTITSL) of the application by using the track status facility available at above web sites.

Track Status - NSDL Track Status - UTIITSL

Contact Assistance

The Income Tax Department or NSDL or UTIITSL can be contacted in any of the following means

ModeIncome Tax DepartmentNSDLUTITSL

Websitewww.incometaxindia.gov.inwww.tin-nsdl.comwww.utiitsl.com

Call Center1800-180-1961020-272180801800220306

Email IDtininfo@nsdl.co.in

SMSSMS NSDLPAN - space

Acknowledgement No. & send to 57575 to obtain application status.

Address**NSDL**

INCOME TAX PAN SERVICES UNIT (Managed by NSDL e-Governance Infrastructure Limited), 5th Floor, Mantri Sterling, Plot No. 341, Survey No. 997/8, Model Colony,

Near Deep Bunglow Chowk, Pune - 411 016.**UTI Infrastructure Technology And Services Limited,**

Plot No.3, Sector 11, CBD Belapur Navi Mumbai PIN - 400614

Lesson no. 5 – Heads of Income

What are the Heads of Income Under Income Tax Act?

Under the Income Tax Act, there are five heads which are known as the heads on income. At the end of each year, you or your accountant is expected to classify your yearly earning under these heads of income as per the Income Tax Act to calculate the amount of tax payable by you as a registered citizen of a country abiding the laws of the prevailing government. These heads of income are here to ensure the proper maintenance of monetary power within the social and governing system. Having these rules allows better cash flow in the economy which helps elevate the functioning if the government to provide the citizens and the common people better standers to living and transportation.

1. INCOME FROM SALARY

If you are a salaried employee, your salary falls under this head. Your employer will deduct the TDS as per your income tax slab and pay the same to the government.

Once the total amount of income is calculated, the gross salary is taxed under this head.

Apart from the basic salary, even the gratuity, pension, annuity, commission, fees, leave encashment, and profits that you receive from your employer will go through TDS deduction.

2. INCOME FROM HOUSE PROPERTY

The next under 5 heads of income tax is the income from house property. Section 22 to Section 27 of the IT Act specify the different provisions for computing income of someone owning property or land.

It is essential to know that the tax here is derived from the land or property and not from how much rent you earn from the same unless the property is let out to a business.

3. INCOME FROM BUSINESS OR PROFESSION

Any kind of income that you obtain from trade, manufacture, commerce, or profession is chargeable under the business income head. Your expenses will be deducted from your revenues to calculate your profits, and the income tax will then be applicable under this head.
Any kind of bonus, salary, or profit received from a partnership in a business organisation will also be calculated as per the business income heads of income tax.

Income can be charged under this head if it meets a few rules-

Profession or business must exist for income to be taxed.

The taxpayer should be handling the operations of the profession or business.

The profession must be operational for a greater part of the previous year.

If a taxpayer is operating any other profession or business, then this tax will also be levied on them.

4. INCOME FROM CAPITAL GAINS

Any gains or profits that you earn by transferring or selling capital assets which were held as investments are considered as capital gains.
This includes your investments in stocks, mutual funds, property, and many other types of investment.

5. INCOME FROM OTHER SOURCES

The last of the income tax five heads is income from other sources. Any kind of income which cannot be categorised under the heads listed above will fall under this income head.
For instance, winnings from horse racing or lottery, gifts received, dividend income, and interest from government bonds and securities fall under this head.
These are the income tax 5 heads that every taxpayer should know about. Consult a tax professional to know more about these heads and determine the correct head under which you should pay income tax.

Lesson no. 6 – Tax Payments

TAX in India

Taxes are levied by governments on their citizens to generate income for undertaking projects to boost the economy of the country and to raise the standard of living of its citizens. The authority of the government to levy taxes in India is derived from the Constitution of India, which allocates the power to levy taxes to the Central and State governments. All taxes levied within India need to be backed by an accompanying law passed by the Parliament or the State Legislature.

The payment of tax is beneficial on multiple levels including the development of the nation, betterment of infrastructure, the upliftment of the society, and even for welfare activities for the nation.

Types of Taxes

There are two main categories of taxes, which are further sub-divided into other categories. The two major categories are direct tax and indirect tax. There are also minor cess taxes that fall into different sub-categories. Within the Income Tax Act, there are different acts that govern these taxes.

1. Direct Tax

Direct tax is tax that are to be paid directly to the government by the individual or legal entity. Direct taxes are overlooked by the Central Board of Direct Taxes (CBDT). Direct taxes cannot be transferred to any other individual or legal entity.

Sub-categories of Direct Taxes

The following are the sub-categories of direct taxes:

1. **Income tax:** This is the tax that is levied on the annual income or the profits which is directly paid to the government. Everyone who earns any kind of income is liable to pay income tax. For individuals below 60 years of age, the tax exemption limit is Rs.2.5 lakh per annum. For individuals between the age of 60 and 80, the tax exemption limit is Rs.3 lakh. For individuals above the age of 80, the tax exemption limit is Rs.5 lakh. There are different tax slabs for different income amounts.

Apart from individuals, legal entities are also liable to pay taxes. These include all Artificial Judicial Persons, Hindu Undivided Family (HUF), Body of Individuals (BOI), Association of Persons (AOP), companies, local firms, and local authorities.

2. **Capital gains:** Capital gains tax is levied on the sale of a property or money received through an investment. It could be from either short-term or long-term capital gains from an investment. This includes all exchanges made in kind that is weighed against its value.
3. **Securities transaction Tax:** STT is levied on stock market and securities trading. The tax is levied on the price of the share as well as securities traded on the ISE (Indian Stock Exchange).
4. **Prerequisite Tax:** These are taxes that are levied on the different benefits and perks that are provided by a company to its employees. The purpose of the benefits and perks, whether it is official or personal, is to be defined.
5. **Corporate tax:** The income tax paid by a company is defined as the corporate tax. It is based on the different slabs that the revenue falls under. The sub-categories of corporate taxes are as follows:

- **Dividend distribution tax (DDT):** This tax is levied on the dividends that companies pay to the investors. It applies to the net or gross income that an investor receives from the investment.
- **Fringe benefit tax (FBT):** This is tax levied on the fringe benefits that an employee receives from the company. This include expenses related to accommodation, transportation, leave travel allowance, entertainment, retirement fund contribution by the employee, employee welfare, Employee Stock Ownership Plan (ESOP), etc.
- **Minimum Alternative Tax (MAT):** Companies pay the IT Department through MAT which is governed by Section 115JA of the IT Act. Companies that are exempt from MAT are those that are in the power and infrastructure sectors.

2. Indirect tax

Taxes that are levied on services and products are called indirect tax. Indirect taxes are collected by the seller of the service or product. The tax is added to the price of the products and services. It increases the price of the product or service. There is only one indirect tax levied by the government currently. This is called GST or the Goods and Services Tax.

GST: This is a consumption tax that is levied on the supply of services and goods in India. Every step of the production process of any goods or value-added services is subject to the imposition of

GST. It is supposed to be refunded to the parties that are involved in the production process (and not the final consumer).

GST resulted in the elimination of other kinds of taxes and charges such as Value Added Tax (VAT), octroi, customs duty, Central Value Added Tax (CENVAT), as well as customs and excise taxes. The products or services that are not taxed under GST are electricity, alcoholic drinks, and petroleum products. These are taxed as per the previous tax regime by the individual state governments.

3. Other taxes

Other taxes are minor revenue generators and are small cess taxes. The various sub-categories of other taxes are as follows:

- **Property tax:** This is also called Real Estate Tax or Municipal Tax. Residential and commercial property owners are subject to property tax. It is used for the maintenance of some of the fundamental civil services. Property tax is levied by the municipal bodies based in each city.
- **Professional tax:** This employment tax is levied on those who practice a profession or earn a salaried income such as lawyers, chartered accountants, doctors, etc. This tax differs from state to state. Not all states levy professional tax.
- **Entertainment tax:** This is tax that is levied on television series, movies, exhibitions, etc. The tax is levied on the gross collections from the earnings. Entertainment tax also referred as amusement tax.
- **Registration fees, stamp duty, transfer tax:** These are collected in addition to or as a supplement to property tax at the time of purchasing a property.
- **Education cess:** This is levied to fund the educational programs launched and maintained by the government of India.
- **Entry tax:** This is tax that is levied on the products or goods that enter a state, specifically through e-commerce establishments, and is applicable in the states of Delhi, Assam, Gujarat, Madhya Pradesh, etc.
- **Road tax and toll tax:** This tax is used for the maintenance of roads and toll infrastructure.

Benefits of taxes

The purpose of taxes is to provide the government with funds for spending without inflation. Taxes are used by the government for a variety of purposes, some of which are:

- Funding of public infrastructure
- Development and welfare projects
- Defense expenditure
- Scientific research
- Public insurance
- Salaries of state and government employees
- Operation of the government
- Public transportation
- Unemployment benefits
- Pension schemes
- Law enforcement
- Public health
- Public education
- Public utilities such as water, energy, and waste management systems

Tax is levied on a wide range of income stemming from salary, profits from business, property rental, etc. There are also wealth taxes, sales taxes, property taxes, payroll taxes, value-added taxes, service taxes, etc.

Advantages of Paying Taxes

It is compulsory and beneficial for anyone who earns a taxable salary (which is one that exceeds the basic exemption limit) to file their income tax returns. This is the case even if the tax liability is zero after deductions. However, even if your income is less than the basic exemption limit, there are advantages to filing taxes. Here are some of the benefits of paying your taxes on time:

- **Loan approvals**: When applying for a loan, especially home loans, vehicle loans, etc., major banks can request a copy of your income tax returns. This can be ITR from the last 2 to 3 years. Having ITR can even help to get a higher loan amount or to get your loan application reconsidered in case it was rejected at first. This is because banks calculate your ability to repay the loan based on your income. Income tax returns provide a clear picture of the income and the taxes that were paid on it in the previous years.

- **Visa applications:** Many foreign consulates require you to furnish your income tax returns of the previous years during the visa interview. While for some the most recent one will be sufficient, others require up to 2-3 years' worth of returns to be furnished. This is mandatory for the UK, US, Europe, and Canada, but not so much for South East Asian countries and the Middle East. This is because income tax returns are a proof that you are not trying to leave the country to evade taxes. Even when traveling abroad for leisure or business, it is always prudent to carry your ITR receipts as this will come in handy in the case of any emergency when you have to seek the help of a consulate.
- **Self-employed individuals:** Freelancers, consultants, entrepreneurs, and partners of firms are not eligible for the Form 16. If their annual income exceeds the basic exemption limit, then ITR receipts can be furnished as proof of income. It is also proof of taxes paid. This will come in handy during any financial or business transaction.
- **Government tenders:** This depends on the individual government department with no specific strict rules, yet ITR receipts are sometimes requested to be furnished when applying for any government tenders. This is to ensure that you have sufficient income and can support the payment obligations.
- **Carrying forward of losses:** Short-term or long-term capital losses are usually carried forward to be adjusted against the capital gains made in the subsequent years. For example, the long-term capital loss of one year can be carried forward for up to 8 consecutive years that immediately succeed the year in which the loss had occurred. However, a long-term capital loss can be adjusted only against a short-term capital gain of that year. Short-term capital gains, however, can be adjusted against both short-term and long-term gains. However, this can only be availed if income tax returns have been filed.
- **Claiming tax refunds:** Any refunds that are due from the IT Department can only be claimed if income tax returns have been filed. Even if income is below the tax exemption bracket, there could be refunds from different savings instruments that can be claimed if ITRs are filed. An example is fixed deposits, on which there is tax deducted at source at 10%.
- **High-cover life insurance:** Life cover or a term policy with sum insured that ranges from Rs.50 lakh to Rs.1 crore can be availed only by furnishing income tax returns which helps in the verification of annual income. Such a high insurance cover is only given when there is a high income for which income tax return receipts are necessary.
- **Compensation**: For self-employed individuals, ITR receipts may have to be furnished in order to claim compensation in the event of a motor vehicle accident that results in a disability or

accidental death. This is because, in order to arrive at the appropriate compensation, income of the person is to be established first.

Penalty for not Paying Taxes

The government can impose penalties of varying degrees on any individual or legal entity who evades taxes. The penalty is dependent on the category of the tax that has not been paid. This means that the amount that is owed as taxes should be paid and in addition to that, the fine as well as its interest is to be paid as the penalty.

Lesson no. 7 – Return Filing

India's Income Tax Laws are framed by the Government The Government imposes a tax on taxable income of all persons who are individuals, Hindu Undivided Families (HUF's), companies, firms, LLP, association of persons, body of individuals, local authority and any other artificial juridical person. According to these laws, levy of tax on a person depends upon his residential status. Every individual who qualifies as a resident of India is required to pay tax on his or her global income. Every financial year, taxpayers have to follow certain rules while filing their Income Tax Returns (ITRs).

Income Tax Return - What is it?

An **Income tax return (ITR)** is a form used to file information about your income and tax to the Income Tax Department. The tax liability of a taxpayer is calculated based on his or her income. In case the return shows that excess tax has been paid during a year, then the individual will be eligible to receive a income tax refund from the Income Tax Department.

As per the income tax laws, the return must be filed every year by an individual or business that earns any income during a financial year. The income could be in the form of a salary, business profits, income from house property or earned through dividends, capital gains, interests or other sources.

Tax returns have to be filed by an individual or a business before a specified date. If a taxpayer fails to abide by the deadline, he or she has to pay a penalty.

Is it mandatory to file Income Tax Return?

As per the tax laws laid down in India, it is compulsory to file your income tax returns if your income is more than the basic exemption limit. The income tax rate is pre-decided for taxpayers. A delay in filing returns will not only attract late filing fees but also hamper your chances of getting a loan or a visa for travel purposes.

Who should file Income Tax Returns?

According to the Income Tax Act, income tax has to be paid only by individuals or businesses who fall within certain income brackets. Mentioned below are entities or businesses that are required to compulsorily file their ITRs in India:

1. **All individuals, up to the age of 59**, whose total income for a financial year exceeds Rs 2.5 lakh. For senior citizens (aged 60-79), the limit increases to Rs. 3 lakh and for super senior citizens (aged 80 and above) the limit is Rs. 5 lakhs. It is important to note that the income amount should be calculated before factoring in the deductions allowed under Sections 80C to 80U and other exemptions under section 10.
2. **All registered companies that generate income**, regardless of whether they've made any profit or not through the year.
3. Those who wish to **claim a refund** on the excess tax deducted/income tax they've paid.
4. Individuals who have assets or financial interest entities that are **located outside India.**
5. **Foreign companies** that enjoy treaty benefits on transactions made in India.
6. **NRIs**who earn or accrue more than Rs. **2.5 lakh** in India in a single financial year.

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 numberto 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 assesse 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 assesse 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.

Lesson no. 9 – E-Filing

Filing income taxes doesn't need to be a challenging task. If you are worried that filing taxes is about carrying hundreds of papers and organising everything like students do before an exam, let us tell you right away that income tax filing today is nothing like that. With India embracing the digital world and the many conveniences it offers, electronic filing (e-filing) makes it possible to file income tax returns (ITRs) in a matter of few clicks. The best part is you can e-file your taxes right from the comfort of your home or workstation in your office. There are no long queues where time is wasted or human interactions that complicate matters. Just register on the Income Tax efiling website.

What is E-filing?

E-filing is the short form of electronic filing of income taxes. E-filing is when you electronically file your income tax returns online for a particular year. This means you no longer need to visit the nearest Income Tax Department's office to file your returns physically. Instead, you log onto the internet and do the job.

3 ways to do E-filing

There are three basic ways to file income tax returns electronically.

First option - You can use a Digital Signature Certificate (DSC) to e-file. A DSC is a useful way of electronically signing documents, because it is the digital equivalent of physical or paper certificates.

The second option - You can e-file without a DSC. In this case, 'Income Tax Return–Verification' or ITR-V form is generated which is a one-page document. In case Aadhar details are not updated on Income Tax site, the form should be printed, signed and submitted to Central Processing Centre (CPC), Bangalore via post within 120 days from the date of e-filing.

The third option - You can e-file income tax return without DSC and verify it with Aadhar number or through a bank. In this case, ITR-V is not required be to submitted to CPC.

Why should you file an income tax return?

Apart from the benefits of filing income tax returns on time, filing ITR is also pocket-friendly. You can avoid the penalties imposed due to delayed tax return filing. Filing your ITR post the year's deadline makes you liable to pay a maximum penalty of `10,000.

Benefits of filing income tax returns

Filing income tax returns is very helpful for certain activities. Be it applying for a loan, travelling overseas or dealing with financial losses, those who file income tax returns find it easy in every step of the way. Let us explain how.

Refund - A portion of a taxpayer's income, whether salaried or business person, is deducted as Tax Deducted at Source (TDS). But, if you have made investments that are deductible from taxable income, then your actual tax dues as per your income tax slab may be much lesser than what is already paid. The excess tax paid can be claimed and refunded, but only if you file your taxes.

Visa – Overseas trips to most countries require a visa. Visa processing requires that you as an Indian submitted your tax returns in the past few years. These returns have to be produced before the officials of the destination country's embassy or consulate.

Loans – Be it any loan, as part of the documentation, banks will ask you to show tax returns for the past few years. The returns will be used to understand your financial situation. If you do not have returns, your application may be rejected.

Credit card - Credit card issuers want to know whether the credit card applicant is in a position to pay back the credit. The income tax return is a document that shows the income of the person. Without income tax returns, you may not get a higher credit limit.

Loss adjustment - As per current income tax laws, an individual can carry forward losses to offset against future taxable income. This can be done for up to eight years consecutively. If you have income tax returns, you can use them to build a case and carry forward/adjust your losses against your future taxable income.

Steps to do E-filing in India

1. Register yourself on an ITR Portal	To register on an ITR portal, you'll have to provide Permanent Account Number (PAN), name and date of birth. Then you'll then be asked to choose a password. Remember, your PAN is your user ID.
2. Select the relevant ITR Form	Download the ITR form applicable to you. Use the following information for reference: • ITR 1 is for individuals having income from salaries, one house property, other sources (Interest etc) and having total income upto `50 lakhs • ITR 2 is for individuals and HUF not carrying out business or profession under any proprietorship. • ITR 3 is for individuals and HUFs having income from a proprietary business or profession • ITR 4 (Sugam) is for presumptive income from business & profession
3. Form filling	You can fill the ITR form online as well as offline. To fill the form offline go to the “Downloads section-ITR Forms AY 2017-18”, download Income tax return utility and save it on your system to fill all the details offline. After filling the information in the utility you have to upload the same on the website.
4. Acknowledgement and verification	After uploading return on site you'll receive an acknowledgement in the form of ITR-V .In case Aadhar details are not updated on Income Tax site you will have to submit a physical signed copy of ITR-V to the Income Tax Department on the address mentioned on ITR-V to complete the e-filing process within next 120 days

	via ordinary post or speed post.
5. Tax refund	A tax refund is a refund on taxes when the tax liability is less than the taxes paid. Taxpayers can often get a tax refund on their income tax if the tax they owe is less than the sum of the total amount of the withholding taxes and estimated taxes that they paid.

Documents required for E-filing

While filling out the ITR form online, it is advisable to keep these documents handy for below-listed purposes:

General details

PAN

Aadhaar (Linked to PAN)

Bank account details

Computing income from salary

Salary slips

Rent receipts for claiming House Rent Allowance (HRA)

Form 16

Claiming deductions

Interest certificates from savings and deposits account

Insurance and home loan details

Details about investments liable for deductions

Any other proof of income (For e.g. Income from house property, income from capital gains)

Note: To be sure of all the liable deductions and exemptions in your tax liability, consult a Chartered Accountant.

What's the next step after you've e-filed your income tax returns?

After you submit the return (or upload it through return utility), you'll receive an acknowledgement in the form of ITR-V. There are two ways to verify the return.

One, if your Aadhaar card/number is linked to your PAN, you can self-verify your returns. This is done by submitting an Electronic Verification Code (EVC) generated through the e-filing portal of Income Tax Department. The EVC is sent to the registered mobile number of the tax filer. Such taxpayers no longer have to send a one-page verification document, i.e. the ITR-V to the Income Tax Department in Bangalore. Two, taxpayers can send the ITR-V to the Income Tax Department in Bangalore via post within 120 days from date of e-filing to complete the verification process. If you are eligible for a tax refund, you will soon get the tax refund credited directly to your bank account. The Income Tax department will inform you about the refunds.

Life insurance policies are extremely efficient tax planning tools. Do remember a life insurance policyholder is eligible for dual tax benefits under the Income Tax Act (1961). Under Section 80C, you can claim a deduction from your taxable income on account of premium paid towards life insurance for self, spouse or children. The deduction amount is up to `1.5 lakhs and helps you pay less tax since your taxable income drops after deduction.Under Section 10(10D), the returns earned from your Life Insurance policies, subject to conditions mentioned therein, are tax-free. So, the final corpus i.e maturity amount, including bonus earned, will be 100% tax-free in your hands.

Lesson no. 10 – GST Return Filing

1. What is GST Return?

A GST return is a document containing details of all income/sales and/or expense/purchase which a taxpayer (every GSTIN) is required to file with the tax administrative authorities. This is used by tax authorities to calculate net tax liability.

Under GST, a registered dealer has to file GST returns that broadly include:

- Purchases
- Sales
- Output GST (On sales)
- Input tax credit (GST paid on purchases)

To file GST returns or for GST filing, check out gst.cleartax.in website that allows import of data from various ERP systems such as Tally, Busy, custom excel, to name a few. Moreover, there is option to use desktop app for Tally users to directly upload data and filing.

2. Who should file GST Returns?

In the GST regime, any regular business having more than Rs.5 crore as annual aggregate turnover has to file two monthly returns and one annual return. This amounts to 26 returns in a year.

The number of GSTR filings vary for quarterly GSTR-1 filers under QRMP scheme. The number of GSTR filings online for them is 9 in a year, including the GSTR-3B and annual return.

There are separate returns required to be filed by special cases such as composition dealers whose number of GSTR filings is 5 in a year.

3. What are the different types of GST Returns?

Here is a list of all the returns to be filed as prescribed under the GST Law along with the due dates.

GST filings as per the CGST Act subject to changes by CBIC Notifications

Return Form	Description	Frequency	Due Date
GSTR-1	Details of outward supplies of taxable goods and/or services affected.	Monthly	11th* of the next month with effect from October 2018 until September 2020. *Previously, the due date was 10th of the next month.
		Quarterly (If opted under the QRMP scheme)	13th of the month succeeding the quarter. Was end of the month succeeding the quarter until December 2020)
GSTR-2 **Suspended from September 2017 onwards**	Details of inward supplies of taxable goods and/or services effected claiming the input tax credit.	Monthly	15th of the next month.
GSTR-3 **Suspended from September 2017 onwards**	Monthly return on the basis of finalisation of details of outward supplies and inward supplies along with the payment of tax.	Monthly	20th of the next month.

GSTR-3B	Simple return in which summary of outward supplies along with input tax credit is declared and payment of tax is affected by the taxpayer.	Monthly	20th of the next month from the month of January 2021 onwards^ Staggered^^ from the month of January 2020 onwards upto December 2020.* *Previously 20th of the next month for all taxpayers.
		Quarterly	22nd or 24th of the month next to the quarter***
	^20th of next month for taxpayers with an aggregate turnover in the previous financial year more than Rs 5 crore or otherwise eligible but still opting out of the QRMP scheme. ^^ 1. 20th of next month for taxpayers with an aggregate turnover in the previous financial year more than Rs 5 crore. 2. For the taxpayers with aggregate turnover equal to or below Rs 5 crore, 22nd of next month for taxpayers in category X states/UTs and 24th of next month for taxpayers in category Y states/UTs ***For the taxpayers with aggregate turnover equal to or below Rs 5 crore, eligible and remain opted into the QRMP scheme, 22nd of month next to the quarter for taxpayers in category X states/UTs and 24th of month next to the quarter for taxpayers in category Y states/UTs • **Category X:** Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana		

	or Andhra Pradesh or the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands and Lakshadweep. • **Category Y:** Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha or the Union Territories of Jammu and Kashmir, Ladakh, Chandigarh and New Delhi.		
CMP-08	Statement-cum-challan to make a tax payment by a taxpayer registered under the composition scheme under section 10 of the CGST Act (supplier of goods) and CGST (Rate) notification no. 02/2019 dated 7th March 2020 (Supplier of services)	Quarterly	18th of the month succeeding the quarter.
GSTR-4	Return for a taxpayer registered under the composition scheme under section 10 of the CGST Act (supplier of goods) and CGST (Rate) notification no. 02/2019 dated 7th March 2020 (Supplier of services).	Annually	30th of the month succeeding a financial year.

GSTR-5	Return for a non-resident foreign taxable person.	Monthly	20th of the next month.
GSTR-6	Return for an input service distributor to distribute the eligible input tax credit to its branches.	Monthly	13th of the next month.
GSTR-7	Return for government authorities deducting tax at source (TDS).	Monthly	10th of the next month.
GSTR-8	Details of supplies effected through e-commerce operators and the amount of tax collected at source by them.	Monthly	10th of the next month.
GSTR-9	Annual return for a normal taxpayer.	Annually	31st December of next financial year.
GSTR-9A (Suspended)	Annual return optional for filing by a taxpayer registered under the composition levy anytime during the year.	Annually until FY 2017-18 and FY 2018-19	31st December of next financial year, only up to FY 2018-19.
GSTR-9C	Certified reconciliation statement	Annually	31st December of next financial year.

GSTR-10	Final return to be filed by a taxpayer whose GST registration is cancelled.	Once, when GST registration is cancelled or surrendered.	Within three months of the date of cancellation or date of cancellation order, whichever is later.
GSTR-11	Details of inward supplies to be furnished by a person having UIN and claiming a refund	Monthly	28th of the month following the month for which statement is filed.

* Subject to changes by Notifications/ Orders

** Statement of self-assessed tax by composition dealers – same as the erstwhile form GSTR-4, which is now made an annual return with effect from FY 2019-2020 onwards.