

Filing your Income Tax Return

Come the month of June or July and it is time to file the income tax returns. By this time, you must have received Form No.16 and Form No.16A

Obligations of filing tax returns

It is a legal obligation for every individual to file a return of income, whose taxable income during the year has exceeded the exemption limit of Rs 150,000 (Rs 180,000 in case of females and Rs 225,000 in case of senior citizens).

Documents to keep ready

It is fruitless to go to the war front without proper arms and ammunition. Hence, it is always advisable to keep all the documents required for preparation of the income tax return ready and handy before calculating your tax liability and preparing your tax return. Some common documents required by an individual for preparing the return are:

- **Form No. 16** (received from the employer): This will help to know your income from salary and tax deducted by your employer from your salary income.
- **Form No. 16A** (received from all the payers who have deducted tax): You will first have to get this form collected from the parties who have deducted tax while making payment to you during the year. This includes banks and companies (with whom you have kept fixed deposits), parties to whom you have given loan, tenant to whom you have rented your property.
- **Summary of all bank accounts** operated during the year: This summary will give an idea about all the income earned during the year and investments and expenditure incurred. This assures that no part of income is left out and you do not miss out any eligible deductions.
- **Details of property owned** during the year: If you have bought some property during the year, you will need details of rent received and receipts of municipal tax paid during the year. In addition to this, if you have taken this property through a loan, do carry the loan details and a copy of certificate of interest paid during the year.
- **Sale & purchase bill / documents / contract note in respect of investments / assets sold** during the year: You will also need purchase documents corresponding to the sales made during the year. In case of a large number of transactions, it is advisable that you prepare a statement of sale and corresponding purchase of these investments and arrive at the amount of profit or loss, before actually calculating your taxable income.
- **Details of tax payments** made during the year: This is required only if you have made advance tax payment during the year.

Which ITR Form is applicable to you?

With the introduction of new income tax return forms based on nature of income earned during the year, one needs to know relevance of each return form and select the right

form. For an individual, four forms have been introduced, the details of which are as under:

Form No.	Applicability
ITR 1	<p>Meant for Individuals, who have</p> <p>a) Income from salary b) Interest income (taxable / exempt) c) Family pension d) Income from agricultural activities</p> <p>In other words, this form is not applicable in the following situations:</p> <p>a) Individual having any income (taxable / exempt) other than mentioned above b) Any brought forward loss of earlier years c) Any income of other person to be included</p>
ITR 2	Individuals / HUF not having any income on account of carrying out business / profession or on account of being a partner in a partnership firm.
ITR 3	Individuals / HUF who are partner in a partnership firm and does not carry out any other separate business / profession.
ITR 4	Individuals / HUF who is carrying out business / profession under a proprietary concern.

Last date for filing tax returns

The last date for filing return of income for the year ended March 31, 2009 is **July 31, 2009** and for individuals who are required to get their books of accounts audited under the Income Tax Act, it is October 31, 2009.

Consequences for not filing tax return by the last date

If individuals file their returns after the last date mentioned above, they will be charged a penal interest at the rate of 1% per month of delay. However, if such a return is filed after March 31, 2010, apart from the penal interest, they will also be liable for a penalty of Rs 5,000.

How to file the tax return

Today there are two options available to the individuals to file their return of income:

- Electronic filing;
- Physical filing

Under **Electronic filing**, the individual will have to follow the following procedure:

- Get the tax return in a valid XML format (through the Income Tax department site or other online tax preparation sites)

- Visit the Income Tax site.
- Log on using the user-ID and password
- Select the respective ITR 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 completed.

However if the file is uploaded without a digital signature, the individual will have to print form ITR-V and submit the same to the Income Tax department physically. The process of filing return will be completed only on physical filing of ITR-V.

For **Physical filing**, the individual will have to take a print out of the respective ITR form along with the Acknowledgment form and file it with the Income Tax Officer.

Whether it is electronic filing or physical filing, under the new procedure, individuals do not have to attach any documents or enclosures with the return of income.

Documents to preserve

Since the tax-payer is not required to submit any additional documents along with the return of income, the documents may be called at the later stage by the Income Tax Officer to check the correctness of the claim made. Hence, it is advised that the individual preserve all the documents required to substantiate the return of income filed. Some of the documents are enumerated below:

- Detailed calculation of taxable income and amount of tax payable / refundable.
- Form No. 16 / 16A (original).
- Counterfoil of all the tax payments made during the year.
- Copy of documents concerning sale of investments and properties.
- Copy of bank statements.
- Copy of proof for all the deductions and exemptions claimed in the return of income.

Common mistakes people make while filing tax returns

The most common notion among salaried employees is that since tax has already been deducted from their salary, there is no need to file their income tax returns. This is not at all true or legal. Even though tax has been deducted and there is no further liability to pay tax, an employee has to compulsorily file his / her income tax return. Form No. 16 received from employer is not their income tax return.

- Employees do not include the interest that they receive on their savings bank account. The entire interest earned on your savings bank account is taxable.
- Omission of income received by a minor child. A minor child is not required to file a separate return of income. However, this income has to be included in the hands of either of the parents, although it might be a small amount of bank interest.