

E-filing taxpayers won't have to acquire a digital signature

The income tax department is set to introduce a free-of-cost and easy-to-operate electronic signature facility to file income tax returns electronically.

The facility will help taxpayers who do not have a digital signature. It will save them from the mandatory requirement of sending a hard copy of the return filed electronically through speed post to the department's central processing centre in Bangalore. Acquiring an electronic signature will not involve any cost for the taxpayer, as it will be provided by the department. Currently, only those having digital signatures acquired through specified vendors by paying the required charges need not send the hard copy of the return to the department after filing electronically.

A senior income tax department official told Business Standard the electronic signature mode was based on international best practices and would benefit taxpayers as well as the government.

He said the necessary clearances from the ministry of information technology (MIT) had been taken to introduce the facility. The final approval from the finance ministry to implement it from this year itself is likely soon.

The official said once implemented, the facility was likely to be extended to the entire tax system. At present, e-filing with a digital signature is compulsory for corporate assesses and for non-corporate assesses liable for audit.

Those who wish to file e-returns without a digital signature need to take a hard copy of the e-filed return and submit it after signing it. E-filing has been made compulsory from the assessment year 2012-13 onwards for individuals and Hindu undivided families if the total income assessable during the previous year exceeds Rs 10 lakh.

The number of e-returns is growing at a phenomenal pace and has crossed the 16-million mark in 2011-12 from about nine million in the previous year.

The move will impact the business of the postal department and vendors in the business of providing digital signatures. To obtain a digital signature, the taxpayer needs to provide his address, an identity proof and a photograph to the vendor with the requisite charges. A digital signature costs Rs 900-1,000 and expires in a year for individuals. For companies, it lasts two years. The process for renewing a digital signature is the same as that for applying for a new one.

In the case of an electronic signature, all the required information is already available with the tax department through the permanent account number (PAN) and the tax returns filed earlier.

The e-filer will be required to provide certain information on the income tax web site related to the previous year's return. If the information matches the details already available with the department, a unique Personal Identification Number (PIN) would be sent to the taxpayer through mobile phone and email. The taxpayer will have to enter this PIN at the time of e-filing the return. An income tax official said a strong safety system would be put in place so that there was no security risk or possibility of misuse.

(Business Standard)