

## **Ensure that your TDS reaches the income-tax department**

### ***If not, an assessee might be charged interest for not paying TDS on time***

Recently, a senior citizen received a notice from the Income Tax Department, asking her to pay Rs 30,000, the tax on her bank fixed deposits for assessment year 2013-14, along with interest, for late payment of tax. She was surprised, as her bank had deducted the tax at source (TDS).

What had happened was the bank had deducted TDS after the end of the financial year, owing to which she didn't get the tax credit for the previous year.

There are several instances of taxpayers getting notices from the I-T department for no fault of theirs. Notices might be sent if TDS hasn't been deducted, or if the TDS has been deducted but not paid to the I-T department on time.

If a bank doesn't deduct TDS on fixed deposits, or does this after the end of the financial year, the onus is on the taxpayer to show he/she doesn't intend to avoid tax, that it was merely an error. One of the ways to go about this is showing the interest income while filing tax returns and paying taxes. In case this isn't done, you could file a revised return. But ensure you revise the tax return before the end of the next assessment year, says Rakesh Nangia, of Nangia and Company, chartered accountants.

However, if the interest income is being declared on a cash basis, the assessee can carry forward the TDS by the bank and claim credit in the year in which the income is taxed. In case the fixed deposit is for five years, you could carry forward the TDS and pay it in the last year, when it matures.

If your bank deducts and pays the tax later and you, too, do this (while following an accrual basis), you could claim the tax paid twice by filing a revised return. This process, however, might take time, says Nangia. You will have to take up the matter with the assessing officer of your ward and explain to him the details of your case.

Also, if you change jobs in the middle of a year and the previous employer deducts tax but doesn't pay this to the I-T department, you might get a tax notice. In this case, too, one must show the income while filing ITR-V and take up the matter with the tax officer.

The sale of a property worth at least Rs 50 lakh involves TDS of one per cent. For such sales, it is the buyer's responsibility to pay the TDS; also, it is mandatory to do this online. Only then will the seller be able to claim credit for such TDS. Otherwise, the seller could end up paying a huge interest and penalty, Nangia says.

*(Business Standard)*