

It is not too late to file income tax returns yet

Missed the deadline to file income tax returns on July 31? Don't feel dejected. You can still file the returns without paying any penalty. Yes, contrary to the perception of many tax payers, there's still enough time to file your returns until March 31, 2015.

However, there will be some implications. In fact, tax payers are allowed to file belated returns for two preceding financial years, even after the deadline. That is, if you have missed the deadline this time, you can complete the process by March 31, 2016, but you might have to pay a penalty of Rs 5,000 if you file returns after March 31, 2015.

"However, if taxpayers are able to demonstrate that they have a reasonable cause for the failure to file tax returns during the assessment year (before March 31, 2015), they can make a case for non-levy of penalty," says Pallavi Bakhru, director of Grand Thornton Advisory, tax consultancy firm.

But it might not be a great idea to postpone the process for another eight months. It is best to complete the exercise as soon as possible, as you will have to pay a penal interest of 1% on the income tax payable, if any, for every month of delay. Besides, timely filing will also result in quicker processing of refunds due to you.

Understand the Implications

The penal interest apart, you may also face some restrictions in terms of claiming benefits. "Many a time, tax-payers make mistakes while filing returns and notice the errors much later. In such cases, the cushion to file revised returns helps. However, this won't be the case if you miss the deadline. You are not allowed to file a revised return if you complete the process after July 31," says Homi Mistry, partner, Deloitte India.

Moreover, if you fail to file returns before the due date, you will have to forgo the benefit of carrying forward losses incurred under the head 'Capital Gains' and 'Business Losses (other than depreciation loss)'.

"It is imperative for any person who has sustained losses as per his tax computation in the current year to file his tax return within the time stipulated due date," says Bakhru.

Delayed filing of return could also mean having to let go of interest due on tax refund, if any, from the income tax department.

Tread Cautiously

If you are filing the returns after July 31, you need to take extra care to ensure your return is error-free. Unlike in the case of filing it on time, you will not get an opportunity to rectify your mistakes later. Therefore, before you get started on the process, gather all the relevant documents like Form-16, bank statements, receipts issued by non-government organisations (NGO) or political parties to whom you may have donated money and last year's return.

This will help you verify all the details you would be entering in your income tax return form. You need to run a check over your bank account details in particular, as refunds will be credited to this account. The I-T department has done away with the practice of issuing cheques this year. Finally , if possible, get your return ratified by a tax consultant before submitting it.

(Economic Times)