

Precautions you must take while filing I-T returns

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Fill up correct form

There are five forms that you need to choose from, depending on your sources of income. If you choose the wrong form, the entire exercise goes waste.

ITR 1: If you have income from salary and pension; income from other sources, such as savings bank account and fixed deposit; and income from one house property.

ITR 2: For individuals or Hindu Undivided Families (HUF) with income from all heads applicable to ITR 1; house property (more than one); income from capital gains; income from other sources; and those who own foreign assets.

ITR 3: For an HUF or individual, who fulfils the criteria for ITR 2 and also is a partner in a firm, but does not carry on a proprietary business or profession.

ITR4: For individuals with income from business or profession.

ITR4S: For individuals with income from presumptive business.

Give correct personal details

Every year, a large number of returns are rejected for incorrect personal details. The ITR form needs both your physical as well as email address. Ensure that a valid and functional email ID is provided in the form. If you are staying in a rental accommodation or a hostel, avoid mentioning that address on the form. Instead, mention your permanent address, even if it's in a smaller town.

If you miss filling in one number or character of your permanent account number (PAN), the form cannot be processed. Besides, you could be levied a fine of R10,000 for an incorrect PAN entry, as per income-tax rules. Similarly, you have to be careful about TAN of your employer, which you will find in your Form 16. If you are expecting a refund, you need to mention your bank's savings account number and the nine-digit MICR number. Ensure you fill these details correctly or your refund may get delayed unnecessarily.

Include all income

There are certain incomes that are left out erroneously like income from other sources. Even though long-term capital gains and dividends from equity mutual funds and listed

securities are not taxable, they form a part of your income from other sources and you need to give details about these in the form. While only short-term gains are taxable for equity mutual funds, both short- and long-term gains from debt funds are taxable.

Multiple Form 16s

If you've changed jobs in the middle of a financial year, ensure that you collect Form 16s from both the employers. Many make the mistake of reporting only the current employer's income in their returns. Since you've availed tax benefits from both employers, there could be a good possibility that you still have additional tax liability at the time of filing returns.

TDS details for interest income

As all banks deduct tax at source for interest accrued on your fixed deposit accounts, it doesn't mean you won't assess your tax liability and mention it in your form. In reality, banks only deduct 10% tax on interest income, whereas you may be in the higher tax slab of 20% or 30%. Recently, the income-tax department has started reconciliation of TDS data received from banks and the interest income reported by individuals in their returns. So, if you don't give information about interest income in the return form, there is a chance that you may receive a notice from tax department. The portal will take into account Form 16A details you've added and compute the data.

(Financial Express)