

Taxpayer Alert! 5 investment, tax tasks to complete before July 31

If you have not completed your investment and tax tasks for FY 2019-20 yet, it is time to hurry up as there is very little time left to do so.

The spread of Coronavirus has impacted the global economy and almost all industries, the result being that most people – particularly the common man – are not only facing difficult times for the last few months, but have also been unable to meet the various statutory and regulatory compliances owing to the continuous lockdown in most parts of the country. Keeping this in view, the government had recently made some changes in the income tax compliance requirements and also extended some deadlines, including extension in the date for linking PAN with Aadhaar, as also filing ITR (income tax return) for FY2018-19. The move was aimed at mitigating the hardship of the common man and individual taxpayers in times of Covid-19 and giving them some more time to meet their various statutory and regulatory compliances.

However, some of the deadlines were extended till July 31, 2020 only, including the deadline for making tax-saving investments for FY2019-20. The deadlines for some other compliances were changed or extended by the concerned departments. So, if you have not completed these tasks yet, it is time to hurry up as there is very little time left to do so.

1. Make tax-saving investments for FY 2019-20 under Sec 80C

The deadline to make tax-saving investments for FY2019-20, which was extended by the government to July 31, is almost here. If you want to continue with the old tax regime, you have hardly any time to lose to finalise your moves to reduce your tax outgo. Ideally, tax-planning should be a year-long process and not a last-moment scramble to avoid making any costly mistakes in a rush. Nevertheless, if you haven't fully utilized your tax-deduction benefits, you can still take certain steps from the comforts of your home. But before that, ensure your new moves are completely in line with your financial goals, risk appetite, liquidity requirements and current income scenario.

“Some of the most feasible options could be investing in a top-rated Equity Linked Savings Scheme, tax-saver fixed deposits and even a life insurance plan if your current coverage is less than 10X your annual income. All these qualify for tax-deduction benefits of up to Rs 1.5 lakh under Section 80C of the I-T Act. You can also buy a health insurance plan with a coverage of at least Rs 7 lakh for yourself and your dependent family members if you haven't done so yet in these times of heightened health and economic risks. You can claim tax-deduction of up to Rs 25,000 for health insurance premiums paid under Section 80D of the I-T Act, and an additional Rs 50,000 deduction for health insurance premiums paid for your senior citizen parents,” says Adhil Shetty, CEO, BankBazaar.com.

2. Open SSY Account until 31 July

If your girl child attained the age of 10 years between March 25, 2020 and July 30, 2020, you can start a Sukanya Samriddhi Yojana account in her name before July 31, 2020. SSY is currently fetching an interest rate of 7.6% p.a. and the account matures on the completion of 21 years from

the date of account opening or when the girl gets married after 18, whichever earlier. You can invest anywhere between Rs 250 and Rs 1.5 lakh in an SSY account in a year, and the corpus can be extremely useful to secure your daughter's financial future. You can also claim tax deductions up to Rs 1.5 lakh for SSY investments under Section 80C of the I-T Act.

3. Extend your PPF account

If you wanted to extend your PPF account but couldn't do so due to the lockdown, you can still do by submitting the form for extension through your registered email ID before July 31, 2020. The original copy of PPF extension form can be submitted to the concerned operating agency once the lockdown is completely lifted, the postal department had said recently.

So, "ensure you timely submit the extension form to earn interest and also claim tax deduction benefits under Section 80C of the I-T Act if you want to continue your account by making fresh contributions. Do note you can withdraw only up to 60% of the balance in your PPF account during the extended period and partial withdrawals can be made only once in a year. Also, a subscriber has to submit the form each time he wishes to extend his PPF account in blocks of 5 years," says Shetty.

4. Invest in NPS

Apart from making tax-saving investments under Section 80C of the Income Tax Act, you can also invest additional Rs 50,000 in the National Pension System (over and above the Rs 1.5 lakh limit available under Section 80C of the Act).

5. Pay self-assessment tax for FY 2019-20

July 31, 2020 is also the last date for paying your self-assessment tax for FY 2019-20 if the tax amount exceeds Rs 1 lakh. So, if you have not done this yet, it is time to do so. It may be noted that the Ministry of Finance had last month said that "in order to provide relief to small and middle class taxpayers, the date for payment of self-assessment tax in the case of a taxpayer whose self-assessment tax liability is up to Rs 1 lakh has also been extended to 30th November, 2020. However, it is clarified that there will be no extension of date for the payment of self-assessment tax for the taxpayers having self-assessment tax liability exceeding Rs 1 lakh. In this case, the whole of the self-assessment tax shall be payable by the due dates specified in the Income-Tax Act, 1961 and delayed payment would attract interest under section 234A of the IT Act."

(Financial Express)