

Soon, e-filers may not have to send hard copies to I-T dept

Taxpayers filing returns electronically might no longer be asked to send hard copies of their documents to the central processing centre (CPC) here. From this year, the income tax department is planning to introduce electronic PIN-based verification for e-filers. The move would help personal income tax assesses filing returns online.

It is expected this year, about 27.5 million people would file income tax returns online, compared with 21.4 million last year. To encourage e-filing, the department is also planning to provide pre-filled information in income tax return forms such as those for tax credits, migration to electronic clearance service for swift payment of refund and validation of e-filing utilities developed by private players.

Currently, those filing returns online have to send a hard copy to the CPC by post for verification, unless they get a digital signature during the payment of a fee.

“Electronic PIN-based e-filing will eliminate the need for paper verification in the future. It is at a very advanced stage and may be available to taxpayers in September,” said K Satyanarayana, chief commissioner of income tax, Bangalore.

For the electronic verification to be legally recognised, amendments to the Information Technology Act would be needed. Changes would also be required in the Income Tax Rules. While individual taxpayers would benefit from this, companies may still have to furnish digital signatures.

Currently, e-returns cannot be processed without ITR-V, the verification document that has to be sent to CPC within 120 days of filing the return. To complete the e-filing process, taxpayers have to track its acknowledgement.

Satyanarayana added the facility might only be provided to taxpayers who have e-filed returns in the past. This was because otherwise, it would be difficult to transmit an encrypted PIN number.

There are about 34 million taxpayers in India. In 2012-13, a 31 per cent rise was recorded e-filings, with 21.4 million entities filing returns online, against 16.4 million in 2011-12. About 79 per cent of the e-returns were filed by people voluntarily. In the last Budget, it was announced e-filing was mandatory for those with an annual income of at least Rs 5 lakh.

Anticipating growth in e-filing, the tax department has embarked upon a new platform, with enhanced functionalities. Soon, e-filing would also be enabled for wealth tax returns.

To increase voluntary tax compliance, the income tax department is considering providing pre-populated forms for filing income tax returns.

Substantial information in these forms, such as data received from the employer and third-party sources, might be pre-filled by the tax department, in line with global practices.

For this, the department would use information from sources such as Annual Information Return, Form 16A, provided by the employer, as well as Form 26AS.

The department also wants to shift to complete electronic transfer of refunds. For this, it would need PAN and bank account numbers of taxpayers. The system would process the refund only when both the numbers entered by the department are correct.

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