

SEVEN COMMANDMENTS FOR FILING YOUR IT RETURN

It is said that in life nothing is certain except death and taxes. And with taxes, comes the obligation to file your tax Return. **Nina Kapasi, Chartered Accountant**, enumerates the 7-commandments you should adhere to while filing your Return.

You have to be aware of these seven commandments for filing your return of income for the financial year 2008-09:

1. File Your Return by Due Date

The dates are as follows:

- > For all companies, and in cases where auditing has to be done (either under the Companies Act or Income tax Act) -- 30th September.
- > If you are a working partner in a firm whose accounts have to be audited under any law -- 30th September.
- > In all other cases -- 31st July.

In case you have incurred losses, it is all the more necessary to file your Return by due dates, specified above, as filing a "loss" Return beyond due date does not allow you to carry forward the same to the next year and claim the set-off of such loss against the income in the subsequent years.

Though filing of late return is not prohibited, it may invite payment of 1% interest per month on unpaid taxes, which may be as high as 2% where the required advance tax on such Returned income is not paid. If you are eligible for refund, you may lose interest on such refunds for the months for which it is filed late.

If the return is filed beyond a period of one year from the end of the financial year for which it is being filed, a penalty of Rs 5,000 can be charged. So, your IT Return for the financial year ending 31.3.2009 can be filed by 31.3.2010. By doing so, you avoid paying the penalty, though you will be paying interest.



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2. Use the Right Form

Income tax return is to be filed in proper forms, which are as under:

| ITR Form | Applicability |
|----------------|---|
| ITR Form No. 1 | For Individuals having salary and interest income |
| ITR Form No.2 | For Individuals & HUFs not having business or professional income |
| ITR Form No.3 | For Individuals & HUFs, partners in firms but not carrying proprietorship business/profession |
| ITR Form No.4 | For Individuals & HUFs having proprietorship business/profession |

If you do not file your Return in the proper form, it will be considered as *non-est*, which means, it may not be processed by the IT department, resulting in either undue demand for taxes or withholding of refund.

3. Quote Your PAN Properly

You are required to mention your PAN on your Return of income. PAN consists of 10 characters out of which first five are alphabets, next four are numeric and the last is again an alphabet. One has to take proper care while mentioning PAN as there is a penalty of Rs 10,000 for not quoting PAN and another Rs 10,000 for incorrect quoting of PAN. If you are e-filing your Return, it will be automatically checked, and invalid PAN will be rejected. However, a similar check is not available in manual filing and hence one has to be very careful.

4. Disclose Full Facts

Your Income tax Return is a legal document and it should be filled in with due care and caution. There

should be no corrections or overwriting. The name and address may be written in block letters and while filling up the cages meant for the same, one cage may be left blank after each word. Any mistake in the address may dislocate the Return, which will cause undue delay in finalisation of the assessment. The Assessment year has to be filled up properly, i.e. the year succeeding the financial year for which the income is accounted. So for FY 2008-09, the relevant Assessment year is 2009-10. Similarly, PAN/GIR No. should be filled up properly. Also fill up the correct code numbers of your status as well as residential status as per the Notes attached to the IT Return. The particulars of income which is not included under any head of income and claimed as exempt from tax must be mentioned in the relevant part of your Return, under the head "Income claimed Exempt". Details relating to Annual Information Report, whereby you have to notify financial transactions in excess of notified sum should be filled up properly. If there is a mismatch, it may invite further scrutiny of your Return. If you are eligible for refund, the details of your bank account should be given. If you want direct credit in your bank account, additional details of MICR Code and type of account have to be furnished.

5. Submit Details of Tax Payments

No documents are to be attached along with your Return. Even TDS certificates and advance tax challans and self assessment tax challans need not be submitted with your Return. Instead, details regarding tax payments should be properly submitted so as to get the credit. In case of TDS, name, address and TAN of tax deductor, amount and date of tax deducted, amount of TDS claimed, should be mentioned. For advance tax and self assessment tax, details regarding the Bank's name and branch, date of deposit, BSR Code, Challan serial no. and amount are to be specified. You have to be very careful while submitting this information. If the details are a mismatch, no credit of TDS or advance tax will be granted to you.

It is also interesting to note that no proof for payment of LIC, PPF, ELSS or Mediclaim payments are to be attached to your Return. However, before making claim u/s.80C or 80D or 80G, it is desirable that you obtain such receipts and keep the records so as to submit them at the time of scrutiny assessment.

6. Verification of IT Return

A Return without proper verification is not a valid

Return. In case of an individual, he himself has to sign the Return. In case the individual is mentally incapable, then it can be signed by his Guardian or by any other person competent to sign on his behalf. If the person is not capable of signing his Return of income, due to his physical absence or otherwise, a Power of Attorney can be given to another person, who may sign the Return on his behalf. In such a case, a certified copy of the Power of Attorney must accompany the Return. In the case of HUF, *karta* has to sign the Return. In case of a partnership firm, Managing Partner or in his absence any partner can sign on behalf of the firm. For a company, Managing Director or in his absence any director is authorised to sign. In the case of a deceased person, his legal heir is required to sign his Return. The person signing the Return has to give an undertaking that he has read and understood the content, and he has to specify in which capacity he is signing this Return and also the date and place of such verification. Any person making a false statement can be prosecuted.

7. File Your Return in Correct Ward

Income tax office, like any government office, is a maze. Filing a Return within the right jurisdiction is a tax payer's obligation. With e-filing, you need just upload the Return, with or without a digital signature. However, if it is not digitally signed, you have to take a printout of ITR-V which is generated after uploading the IT return, sign the same and physically get it filed within the proper jurisdiction. The jurisdiction is determined usually with reference to the place of residence or business, and in some cases, with the place of employment or the nature of business. For instance, film artistes, professionals like chartered accountants, lawyers, doctors etc., are prescribed separate wards. In case of difficulty, inquire with PRO, Income tax department, who can help you in finding the right jurisdiction. Once you have filed your Return properly in a particular ward; please continue filing in the same ward unless your case has been transferred to a different ward.

Fill the Return, file the Return and live happily! 'File and Smile' is the Income tax Department's motto. Taxpayers can guarantee filing, provided the Government assures quick refund to bring in the smile.

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