

DIGITAL ALL THE WAY



From filing tax returns to acknowledgment, you can do it all from the comforts of your home now. Here's a lowdown on how to file your tax returns online

By Sunil Dhawan

LIKE SEASONS, IT comes back every year. It's a ritual that every tax payer has to undergo. Paying taxes is not enough; one is mandatorily required to file income tax returns (ITR). The process is no longer tedious and complex; ITR can now be filed in a few easy steps online.

Who Has To File

Anyone whose gross total income exceeds the minimum exempted limit in the financial year ending 31 March, 2015 before taking deductions into account has to mandatorily file income tax returns. Every year, the last date is 31 July, but this time, it has been extended up to 31 August.

For the financial year 2014-15 (assessment year 2015-16), the exemption limit is Rs 2.5 lakh for men and women under 60 years of age; Rs 3 lakh for senior citizens above 60 but under 80; and Rs 5 lakh for those above 80.

What's New This Year

Not much other than a new ITR form and additional information sought by the Income Tax department. Individuals who only have income from salary and own more than one house

property but do not have any capital gains have to use the new form — ITR-2A. According to Sudhir Kaushik, co-founder and director of tax-filing service provider TaxSpanner.com, "From the tax payers' point of view, there is no major change between ITR-2 and ITR-2A as the assessee has to fill relevant columns only. It's just that, they now have to remember to fill the ITR-2A if they do not have an income from a business or profession or capital gains or hold

foreign assets." As far as the new information is concerned, tax payers have to furnish details of all bank accounts, Aadhaar number and passport number, if available.

The Options

There are two ways to file returns — the traditional way and electronically over the Internet through the e-filing process. Online filing is mandatory for all those whose total income in the previous year was Rs 5 lakh or more. According to char-



tered accountant Suresh Surana, founder of consulting firm RSM Astute Group, "This year onward, super senior citizens (80 years and above) need not e-file their returns even if their total income exceeds Rs 5 lakh during the year."

The traditional method involves filing returns on the physical form offline at the nearest designated Income Tax ward or through a tax return preparer (TRP). TRP's are certified individuals by the Income Tax depart-

ment who help prepare and file tax returns on behalf of taxpayers.

Online Filing

The Income Tax department's website offers e-filing facility that can be used free of cost for all

sources of income. In addition, there are several authorised commercially available websites such as Taxsmile, Taxspanner or clearTax, which charge a fee depending on the sources of income but some even provide e-fil-

ing services for no charge. Archit Gupta, founder and CEO of clearTax informs, "Taxpayers can e-file with clearTax free of cost. We also have CA-assisted plans that taxpayers can buy if they need fully-assisted tax filing." The Income Tax department website explicitly mentions, "There are commercially available software and websites offering e-filing, but use of Income Tax department's software will largely ensure preparation of error-free returns thereby avoiding any need for future rectification due to data validation mistakes."

Whether it's online or offline, one needs to get hold of the right ITR form. Based on the sources of income, the forms differ. The five different sources of income are 'income from salary', 'income from house property', 'income from business or profession', 'income from capital gains' and 'income from other sources'. An individual can have income from one or more sources. Picking out the form and inputting right figures at the right place can, however, be tricky. Commercial websites come handy in such situations. Gupta says, "Our site saves tax payers from the headache of choosing the right form; we select



the form applicable based on the income sources and data entry of tax payers." There are many who do not want to input any details by themselves; they can just upload their Form 16 and get the job done. "This helps users file by simply uploading their Form 16 and adding any income they have other than salary," adds Gupta.

Data Required

When e-filing tax returns no documents need to be attached or uploaded, other than Form 16 — statement issued by employer — that shows tax deducted on salary income. Other than that, Form 16A, which too is a TDS certificate on deductions on income from sources other than salary issued by those who deduct tax including banks and companies with whom there are fixed deposits, is required.

Tax payers who have worked for more than one employer in a year have to

take extra care. Surana informs, "A person who has worked for more than one employer needs to check if the Form 16 issued by the employers are correct in all aspects and that taxes have been deducted at appropriate rates and no losses, deductions, basic exemptions, etc., have been considered twice by the employers." Another im-

portant thing to consider would be Form 26AS, a statement showing all taxes collected from income. At times, tax is deducted from income, but doesn't reflect in records. This form helps in reconciling the tax status to a large extent.

The Process

The e-filing process has been made much easier

tered into the software of the website, an electronic return in XML format is generated. A PDF file of the relevant ITR form is also created along with the XML format. Tax payers can download this ITR form and submit it at the ITO and get an acknowledgement. For those who want to avoid visiting the ITO can use digital signature (DS) to

Digital Verification

In order to keep the entire process digital, the Income Tax department has devised a way to avoid sending the ITR-V by courier. The department will send tax payers a one-time password (OTP) on their mobile phones after verifying their Aadhaar number and other details. Validating with the OTP will

WHICH FORM SHOULD YOU FILL?

ITR-1 SAHAJ

INCOME FROM SALARY/PENSION
INCOME FROM ONE HOUSE PROPERTY
INCOME FROM OTHER SOURCES

ITR-2

INCOME FROM SALARY/PENSION
INCOME FROM HOUSE PROPERTY
INCOME FROM CAPITAL GAINS
INCOME FROM OTHER SOURCES

ITR-2A

INCOME FROM SALARY/PENSION
INCOME FROM HOUSE PROPERTY
INCOME FROM OTHER SOURCES

ITR-4S SUGAM

BUSINESS INCOME
INCOME FROM SALARY/PENSION
INCOME FROM ONE HOUSE PROPERTY
INCOME FROM OTHER SOURCES

now. There is an option of pre-filing information in the software for preparing the return forms. Tax payers need to just fill in the PAN, and all personal information and information on taxes paid and TDS are auto-filled in the form.

Once the registration process is complete and the details are either uploaded or manually en-

complete the e-filing process. In this case, the acknowledgement is e-mailed to tax payers. But if the file is uploaded on the tax department's website without the DS, people can send the ITR-V by courier to the IT department.

Tax payers can get a DS from any government-authorized agencies as well as private ones.

be enough and the need to courier the ITR-V will be done away with. According to Surana of RSM Astute Consulting Group, "Individuals need not sent physical ITR-V to CPC if they mention their Aadhaar card number in the return of income. New ITR forms will be linked to Aadhaar card and verified by newly introduced Elec-

10 Steps To Filing Returns

The process for filing ITR has been made extremely easy and convenient

1 Log on to an e-filing application and go to 'Downloads' to select applicable Income Tax Return form

2 Download the excel utility of the Income Tax Return form

3 Fill the excel utility

4 Generate an XML file and save in desired path/destination on your desktop

5 Upload returns

6 Select the ITR Form and the assessment year

7 Browse and select the XML file

8 Upload the Digital Signature Certificate, if available

9 Browse and select the XML file

10 View or generate a printout of acknowledgement/ ITR-V Form

tronic Verification Certification (EVC)."

The Difference

If one is e-filing through a non-governmental website, it is important to first ensure that the website covers all the income sources that you need. Get clarity on the costs and the process involved for e-filing on such sites. For those who aren't sure as to how to file online, private websites can come in handy. One can just call up the customer care and get help on filing. It helps if there are more than one sources of income and requires some calculations. The free-version is typically for those with income from salary only. The advanced version is needed when one has more than one source of income. Tax payers should mention special events such as arrears as clubbing of income is taken care of by the site.

Conclusion

It's always better to file returns as early as possible and not wait till the last minute. While e-filing, one can finish the task in multiple sittings. Plus, those travelling outside India can just log on to the website and complete the task. **BW**

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For more on tax return filing, visit www.businessworld.in



COMMON OVERSIGHTS

- ◆ Mention PAN and Aadhaar card number correctly
- ◆ Equally important is the MICR number of your bank branch, which is the nine-digit number next to the cheque number on your cheque leaflet
- ◆ If you have worked for more than one employer during the year, income details from both are to be filled up
- ◆ Do not forget to disclose interest income from taxable investments such as fixed deposits, savings account under 'income from other sources'
- ◆ Check if you need to pay any taxes. In that case, do so through Internet banking or through cash/cheque at any bank along with Form 280. In both cases, you will get a receipt number that has to be quoted in your income tax return (ITR) form